Northwest Territories Legislative Assembly

Report on the Impact of Division of the Northwest Territories

N.W.T. Legislative Assembly
Special Committee on the Impact of Division
November 12, 1981

Northwest Territories Legislative Assembly

Report of the Special Committee on the Impact of Division of the Northwest Territories

Rec'd June 30/82
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The Committee was established by the adoption by the Legislative Assembly on November 5, 1980 of recommendation #7 as amended of the Report of the Special Committee on Unity.

The Committee was instructed to:

a) prepare an objective study of the impact of division upon the Territories as a whole and upon its several parts and their peoples; and

b) disseminate the information resulting from this study as widely as seems to be necessary well in advance of any public decision making. (1)

By motion adopted on November 8, 1981, the Assembly appointed the following MLA's to this Committee:

Mr. P.C. Fraser
Mr. J. Arlooktoo
Mr. T.E.C. Curley
Mr. I. Kilabuk
Mr. B.A. McLaughlin
Hon. D.G. Patterson
Hon. A.J. McCallum
Mrs. L.M. Sorensen
Hon. D.M. Stewart
Ms. N.J. Cournoyea

I had the honour to be elected Chairman when the Committee met on February 6, 1981.

METHODOLOGY

The Committee, shortly after its establishment, identified the probable subject areas requiring investigation in order to report objectively on the impacts of division and concluded that the employment of a consultant was required.

A Sub-Committee consisting of the Chairman (Mr. Fraser), Mr. Patterson, and Mr. Stewart was appointed to outline the consultant's tasks, to identify potential candidates and to report back to the main Committee.

The Sub-Committee spent considerable time obtaining recommendations concerning suitable candidates for the position of consultant to the Committee from MLA's,

.../2

(1) taken from text of recommendation of Unity Committee report as adopted.

former MLA's, and from individuals knowledgeable in this area. It held several meetings reviewing these recommendations and to identify a small number of candidates to be interviewed by the Committee.

The Committee interviewed two candidates during the Hay River session and subsequently awarded the contract to Donald V. Fowke, Chairman of the Board of Hickling-Johnston Ltd. of Montreal, Toronto, Ottawa, Winnipeg and Calgary, Management consultants.

The Sub-Committee referred to earlier was continued after appointment of the consultant in order to serve as a "steering" Committee and to provide him with direction as required.

To carry out the fact-finding portion of his responsibilities, the consultant met with one hundred individuals including native leaders, government officials, businessmen and private citizens in northern and southern Canada. Numerous publications relevant to the task were reviewed. Details are provided in appendices A and D.

The Committee Chairman or the Sub-Committee participated in many of the interviews both in the north and in the south.

The Committee has held a total of eight meetings while the sub-Committee met seven times. It is regrettable that on numerous occasions a large number of members found it impossible to attend these meetings.

CONSULTANT'S REPORT

When it met on October 9 and 10, the Committee reviewed a draft of the consultant's report and was most impressed with the quality and objectivity of the report. The final consultant's report is attached as appendix "A" to this report.

I would like to express the Committee's appreciation to Mr. Donald Fowke and Mr. Jim Cranston for the outstanding manner in which they have carried out their responsibilities.

INFORMING THE PUBLIC

The Committee discussed extensively the most suitable means to ensure the greatest possible public access to and understanding of the consultant's report.

To assist in doing this, copies of the Committee's report are being released simultaneously at all regional headquarters in the N.W.T. and in Ottawa. This distribution will include the Prime Minister, the Minister of Indian

Affairs, the Minister of State, the presidents of native organizations, and the news media. Each Regional Director has been asked to arrange distribution within the communities in his region as soon after release as possible.

Because of the size and complexity of the report, the Committee concluded that any attempt to depend on radio and television programming as the sole means of telling the public what it contains would be unsuccessful.

RECOMMENDATIONS

The Committee therefore recommends:

a) that CBC and other media be encouraged to assemble information packages concerning the content of the consultant's report;

b) that CBC TV be encouraged to develop a one-hour program regarding the impacts of division as reflected in the consultant's report;

c) that a special committee of the Legislative Assembly, consisting of three MLA's who were members of the Special Committee on the Impact of Division be appointed to travel to communities in the Territories to present and explain the content of the consultant's report at public meetings and to special interest groups and concerned individuals;

d) that if the plebiscite is held on January 11, 1982 the proposed Special Committee visit all regional headquarters;

e) that if the plebiscite is held on April 14, 1982, the proposed Special Committee visit all regional headquarters and all communities with a population of 500 or more; and

f) that full use be made of newspaper, radio and TV advertising to inform the public of the proposed special committee's itinerary and meeting schedule.

In making these recommendations, the Committee also felt that although its mandate included the dissemination of information resulting from this study, because of the financial implications they should be approved by the Assembly.

The Committee also most emphatically stresses that the sole and exclusive purpose of the proposed special committee would be to inform the public about the content of the consultant's report and to explain the report. It would not be receiving views concerning the proposal to divide the Territories.

P.C. Fraser

Peter C. Fraser - Chairman

October 22 - 1981

Date

Northwest Territories Legislative Assembly

Report on the Impact of Division of the Northwest Territories

Prepared for
N.W.T. Legislative Assembly
Special Committee on the Impact of Division

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October 15, 1981

Mr. Peter C. Fraser, M.L.A.
Chairman
The Special Committee on the
Impact of Division
Legislative Assembly of
the North West Territories
Yellowknife, N.W.T.

Dear Mr. Fraser:

I am pleased to present our report, The Impact of Division of The Northwest Territories. I trust your Committee will find it helpful in evaluating future alternatives for Canada's North.

On behalf of my colleagues, James G. Cranston and Barbara M. Feasby, may I express our appreciation for the cooperation and hospitality extended to us during the conduct of this study.

Sincerely,

Don Fowke

Donald V. Fowke
Chairman

/jaf

TABLE OF CONTENTS

		PAGE
SUMMARY		1
1.	Introduction	1
2.	Cost Changes with Division	1
3.	Alternative Boundary Proposals	4
4.	Other Impacts of Division	7
PREAMBLE		11
	INTRODUCTION	11
	SCOPE OF STUDY	11
	OTHER DEVELOPMENTS WILL HAVE AN IMPACT ON DIVISION	13
	THE POST DIVISION ENVIRONMENT IS UNCLEAR	16
	REPORT OUTLINE	16

	PAGE
PART I	
BOUNDARY PROPOSALS	19
COST CHANGE	19
I.T.C. PROPOSAL	27
DENE PROPOSAL	36
THE FEDERAL, 1963 PROPOSAL	45
FEDERAL PRESERVE PROPOSAL	53
FEDERAL, 1963 PROPOSAL WITHOUT FEDERAL PRESERVE	58
PART II	
GENERAL IMPACTS OF DIVISION	67
ECONOMIC DEVELOPMENT	67
COMMUNITIES OF INTEREST	72
THE ROAD TO RESPONSIBLE GOVERNMENT	74
TRANSPORTATION	76
DELIVERY OF GOVERNMENT SERVICES	77

PAGE

PART III

COMMUNICATIONS PRIOR TO THE PLEBISCITE 81

THE DECISION IS A POLITICAL CHOICE 81

INTEREST GROUPS SHOULD PLAY A MAJOR ROLE 81

RADIO IS IMPORTANT 82

MUNICIPAL BODIES SHOULD BE FULLY INFORMED 82

APPENDIX A - LIST OF INTERVIEWEES

APPENDIX B - HEADQUARTERS COSTS

APPENDIX C - ALLOCATION OF QUANTITATIVE DATA

APPENDIX D - BIBLIOGRAPHY

APPENDIX E - BOUNDARY PROPOSAL COMPARISON

SUMMARY

1. Introduction

Following a vote supporting a division of the Northwest Territories by the Legislative Assembly at their November 1980 session, a Special Committee of the Legislature was struck to examine the impact of such a division. The Committee sought to determine the major impacts of a division of the territories and report their results to the Legislature and the people prior to holding a plebiscite on the question.

This report presents a series of tables and charts to illustrate the effect of four alternative boundary proposals on such items as demographics and government expenditures. In addition, the report presents some conclusions in other areas, such as Economic Development and Communities of Interest.

It should be noted that for purposes of this study, a division of the territories is a separate issue from land claims negotiations, resource ownership, or devolution of power. These questions will also affect the development of the N.W.T., whether or not the N.W.T. is divided, however, their impact cannot be foreseen at this time.

2. Cost Changes With Division

Various groups have suggested that a division of the territories will result in a new form of government with somewhat different responsibilities than currently exist. No details of such alternatives have been articulated. Therefore, we use the assumption that a division of the territories will result in two territories with basically the same form of government (i.e. a Legislative Assembly, Commissioner, etc.) with the same powers as currently exist.

HEADQUARTERS COSTS - OPERATIONS & MAINTENANCE (O&M)

With a division of the territories, there is a need to replicate some of the functions in the Eastern Territory that are currently performed at GNWT headquarters in Yellowknife. We estimate there will be a decrease in the size of the Western HQ in Yellowknife, but not enough to offset an increase in the East. Further, we believe that two territories would not achieve the economies of scale of a single entity.

ESTIMATED HQ COST
($000's)

	CURRENT	WEST	EAST	TOTAL	CHANGE
Salaries & Wages	$34,711	$29,105	$16,230	$45,335	$10,624
Other O&M	0	3,035	2,277	5,312	5,312
Total O&M	$34,711	$32,140	$18,507	$50,647	$15,936
Man Years	1180	989	552	1,542	363

The distribution of current HQ Grants & Contributions and Other O&M expenditures is dependent upon the boundary selected - see report for distribution. Only Other O&M increases are shown. Therefore, we expect an increase of $15,936,000 per year for additional HQ costs with a division of the territories. This increase represents approximately 6% increase on the current GNWT O&M budget of $267,084,000.

CAPITAL EXPENDITURES FOR A NEW HQ IN AN EASTERN TERRITORY

Our estimate shows a need for some 550 HQ jobs in a new Eastern Territory. A significant capital expenditure will be required to provide housing and office space for these jobs, as well as relocation expenses. We estimate capital costs(1) of the following magnitude for establishing a new HQ in the East.

CAPITAL EXPENDITURES
($000's)

				RANGE	
Housing	275 dwellings	@ $118,230/house	$32,512		
Office	15,385 Sq.M's	@ $1055.6/Sq.M	16,240		
Utilities			4,675		
Relocation			4,125	+25%	
Contingency			14,388		
Estimated Capital			$71,941	$51,206	$92,676

1. See Appendix B for derivation of these estimates.

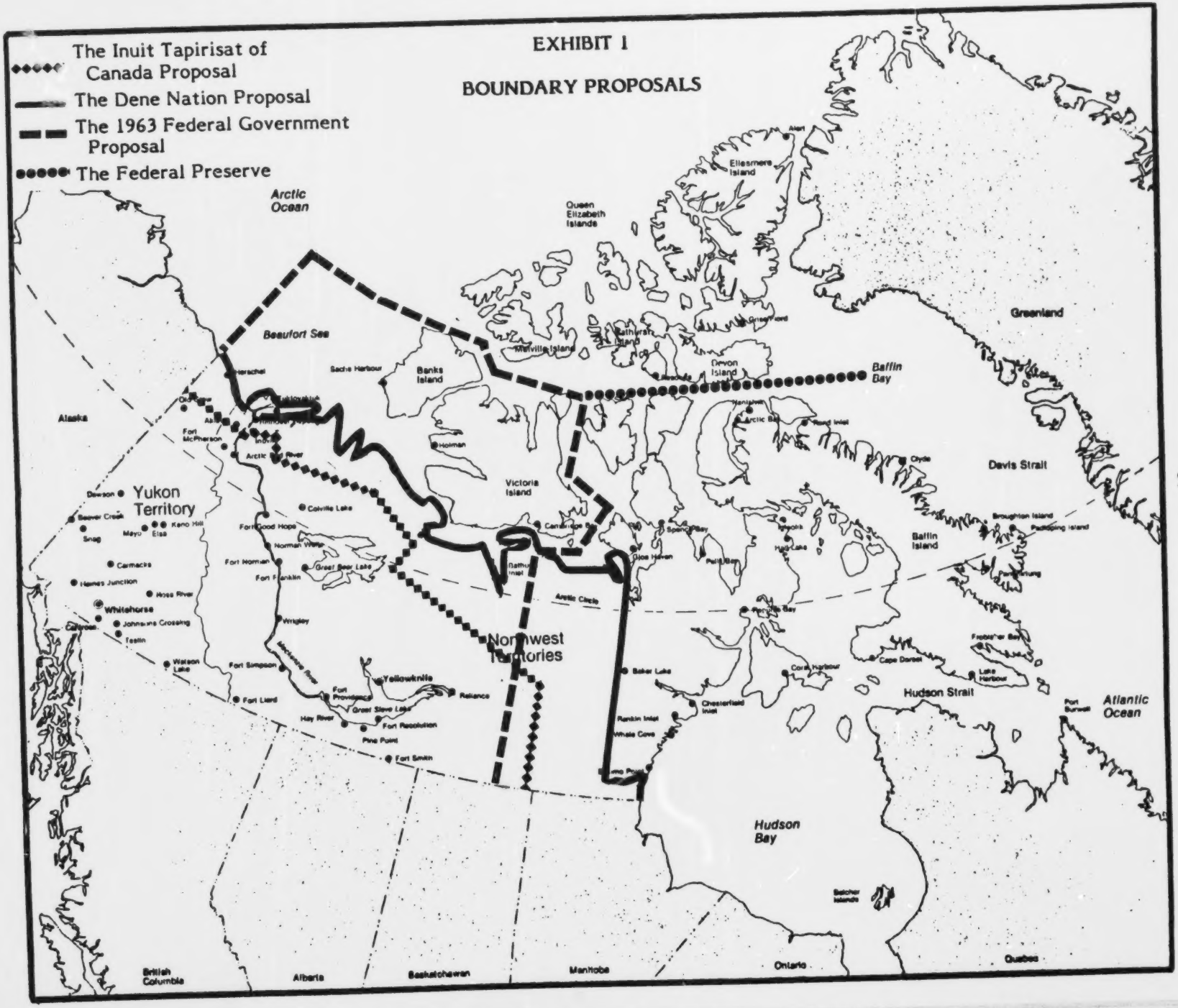


EXHIBIT 1
BOUNDARY PROPOSALS
The Inuit Tapirisat of Canada Proposal
The Dene Nation Proposal
The 1963 Federal Government Proposal
The Federal Preserve
Arctic Ocean
Beaufort Sea
Alaska
Yukon Territory
Northwest Territories
Banks Island
Victoria Island
Queen Elizabeth Islands
Ellesmere Island
Greenland
Baffin Bay
Devon Island
Davis Strait
Baffin Island
Hudson Strait
Hudson Bay
Atlantic Ocean
Whitehorse
Yellowknife
Fort Simpson
Fort Smith
Fort Resolution
Fort Liard
Fort Good Hope
Fort McPherson
Inuvik
Tuktoyaktuk
Resolute
Arctic Bay
Pond Inlet
Clyde
Cape Dorset
Baker Lake
Chesterfield Inlet
Rankin Inlet
Whale Cove
Coral Harbour
Lake Harbour
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec

OTHER ITEMS WILL NOT CHANGE SIGNIFICANTLY

Our research did not foresee any significant changes in other government expenditures or revenue streams as a result of division. We submit that the distribution between two territories of such costs or revenues is significant, but the total amount will not substantially change with division in the following areas:

- Federal Government Costs/Revenues
- GNWT Revenues
- Regional O&M Costs
- Planned Capital Expenditures (other than new HQ)

3. Alternative Boundary Proposals

The Special Committee on the Impact of Division defined four boundary proposals for which an impact examination was to be conducted. The four proposals are shown on the map on the facing page and have been titled as follows:

- I.T.C. Proposal
- Dene Nation Proposal
- Federal Government 1963 Proposal
- Federal Preserve

The main body of the report presents statistics for each of these in a separate section, while a summary of major categories is presented in the following tables:

POPULATION

	INDIAN	INUIT	OTHER(1)	TOTAL	% TOTAL
I.T.C.-West(2)	8,049	157	17,447	25,653	54.8%
I.T.C.-East	621	15,997	4,552	21,170	45.2%
Dene-West	8,647	2,795	19,808	31,250	66.7%
Dene-East	23	13,359	2,191	15,573	32.3%
Fed.63-West	8,660	3,975	20,051	32,686	69.8%
Fed.63-East	10	12,179	1,948	14,137	30.2%
Federal Preserve	0	261	8	269	0.57%
TOTAL TERRITORY	8,670	16,154	21,999	46,823	100%

AVERAGE ANNUAL(3)
PER CAPITA INCOME - PER CAPITA TAXES PAID
(1976-79 AVERAGE)

	INCOME	TAXES
I.T.C.-West	$ 6,505	$ 1,129
I.T.C.-East	3,833	597
Dene-West	6,139	1,053
Dene-East	3,607	557
Fed. 63-West	6,025	1,033
Fed. 63-East	3,613	554
Federal Preserve	3,999	637
TOTAL TERRITORIES	5,297	888
TOTAL ($000's)	$240,263	$40,293

These income and tax figures are derived from federal government returns.

---

1. The "Other" category includes approximately 4,500 Metis which would be predominantly in the Western territory. No specific breakdown of Metis by community is available.

2. "West" and "East" refer to the areas of the Northwest Territories falling on each side of the specific boundary proposal.

3. Personal income and taxes.

GNWT O&M EXPENDITURES(1)

Previously we estimated HQ cost increases with a division of the N.W.T. These costs have been combined with other HQ costs (i.e. Grants & Contributions and Other O&M Costs) and regional expenditures to derive the following per capita GNWT O&M expenditures.

	TOTAL O&M ($000's)	PER CAPITA O&M	MAN YEARS (PER 1,000 PEOPLE)
I.T.C.-West	$124,565	$4,856	67
I.T.C.-East	158,454	7,485	84
Dene-West	157,008	5,024	64
Dene-East	126,011	8,092	96
Fed.63-West	165,460	5,062	64
Fed.63-East	117,559	8,316	100
Federal Preserve	2,660	9,888	156
TOTAL N.W.T.	283,019	6,044	75

Clearly the Eastern Territory is a substantially more expensive area to administer, due to the distances, population density and transportation costs.

GNWT CAPITAL EXPENDITURES

The 1981/82 GNWT Capital budget distribution is shown as follows. This includes all amounts not spent prior to 81/82, current (81-84) and all future allocations.

---

1. Excludes Housing and Liquor Corporations - Source: 1981/82 Main Estimates as adjusted.

	TOTAL ($000's)	PER CAPITA
I.T.C.-West	$ 99,583	$ 3,882
I.T.C.-East	73,188	3,457
Dene-West	115,358	3,691
Dene-East	57,413	3,687
Fed.63-West	118,066	3,612
Fed.63-East	54,705	3,870
Federal Preserve	128	476
TOTAL TERRITORY	$172,771	$ 3,690

Per capita figures reflect roughly an equal east/west split, regardless of boundary.

CONCLUSION

With a relatively low income and tax base and correspondingly higher O&M expenditures, we expect any Eastern Territory(1) to be in a significantly greater operating deficit position than currently in the N.W.T. The West would be in a reduced deficit position. The ratio of tax (both Federal and Territorial) to estimated O&M expenditure is as follows:

	O&M	TAX PAID(2)	RATIO
Average West	$149,011	$39,191	3.9:1
Average East	$134,008	$11,943	11.2:1

This rough measure indicates the disparity between the two territories.

4. Other Impacts of Division

During our investigation a number of other areas which might be affected by division were examined. In this section we present our conclusions based on the material we examined and input received from a variety of sources (see Appendices A and D).

---

1. We assume the government in an Eastern Territory would perform a similar function to the existing GNWT - see page 12 for an elaboration on this point.

2. Average inflated to estimate 81/82 taxes @ 10%/year.

ECONOMIC DEVELOPMENT

A division of the territories will, by itself, not affect the ownership of economic activity (i.e. Federal Government may continue to own resources) or the rate of development. Within these parameters we see the most significant impact of division is the resulting "climate" (i.e. political, legislative and regulatory) for economic development. The governments in a divided N.W.T. could promote or retard economic development in each respective territory as they see fit. Thus, the impact of division will be the result of specific government action, not due to division itself.

COMMUNITIES OF INTEREST

In our view the communities of interest that exist within the N.W.T. are based primarily on ethnic ties and/or practical realities. We conclude that a division of the territories along the lines proposed would not, in the long term, substantially affect existing communities of interest. We note that whatever impact does occur will vary with different locations within the N.W.T. and a re-orientation may be required in some communities. We do not believe this will have a significant negative impact.

RESPONSIBLE GOVERNMENT

Two opposing views are expressed with regard to the evolution towards responsible government. On one hand, some view division as a means for achieving a greater consensus and hence the ability to gain responsible government earlier. The opposing view is concerned about a fragmentation of northern interests and political clout which will retard the ability to achieve responsible government.

Responsible government provides an opportunity for increased power in a number of areas, for example resource development. Hence whatever path, division or unity, which leads to responsible government earlier may be a significant impact of division.

TRANSPORTATION

Land and water transportation routes are fixed by geography. Air transport is relatively flexible and can be redeployed as demand warrants. While division, through a change in demand patterns may alter the evolution of air links within the territories, we conclude that no significant impact on transportation is likely to result from a division of the territories.

DELIVERY OF GOVERNMENT SERVICES

The ability to staff the HQ functions in a new Eastern Territory will be of prime importance. We conclude that it will be some time (i.e. more than a generation) before northerners will acquire the necessary education and experience to play a major role in the leadership(1) of the civil service in the East. For the foreseeable future outside expertise, with a southern orientation, turnover and high cost, will be required to a greater degree in the East with a division of the territories.

In the Western territory we foresee few changes in the existing civil service. The current problems with turnover, inexperience etc. will remain in the West as they currently exist.

---

1. Without doubt, the native majority in the East will provide Political and Legislative leadership. This comment refers only to the administrative or civil service aspects of government.

PREAMBLE

We have been advised by many people to write a short report and not mince words in doing so. Therefore, we have excluded much of the logic development and simply presented what we believe to be accurate conclusions from our work.

INTRODUCTION

During its November 1980 session at Frobisher Bay, the Legislative Assembly of the Northwest Territories voted in support of a division of the territories. Coincident with that resolution was the directive to establish a Special Committee to evaluate the effects of such a division. The Special Committee on the Impact of Division is comprised of members of the Legislative Assembly and chaired by Mr. Peter Fraser, Deputy Speaker and MLA for Mackenzie Great Bear.

The Impact Committee engaged Mr. D. V. Fowke of the management consulting firm of Hickling-Johnston Limited to assist them in the preparation of a report dealing with the question of division.

SCOPE OF STUDY

The terms of reference for the Impact Committee as prescribed by the Legislative Assembly included the following statement:

> "The Committee shall prepare an objective study of the impact of division upon the Territories as a whole and upon its several parts and their peoples".

The Consultants terms of reference(1) were defined as follows:

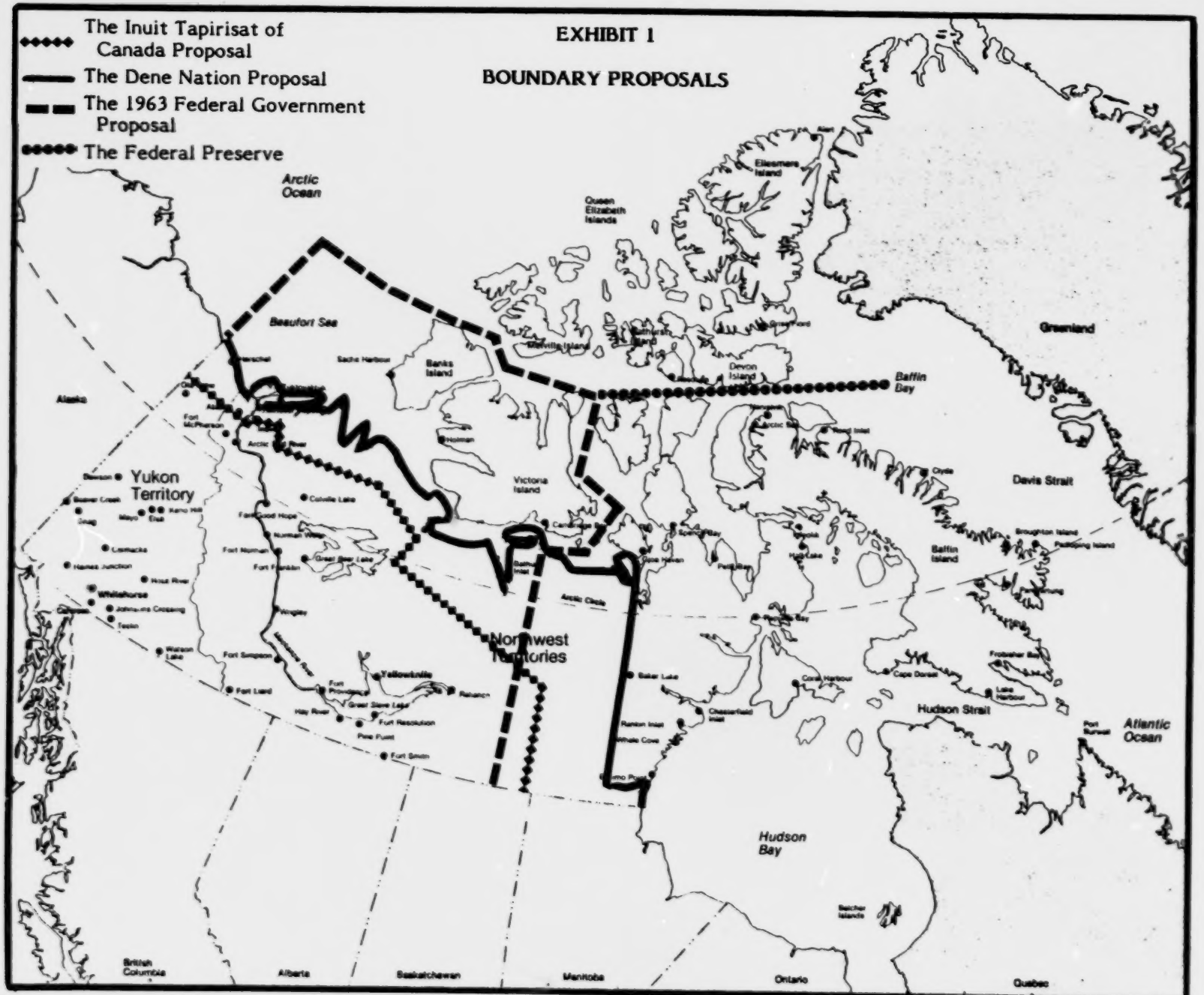
> "to conduct a detailed, objective study of all significant socio-economic impacts which can be expected to result from a division of the Northwest Territories into two separate Territories."(2)

---

1. Per the GNWT, Hickling-Johnston contract dated July 28, 1981.

2. It should be recognized that it is <u>not within</u> the scope of the study to answer such other questions as:

   - Does the Committee recommend division?
   - How do people view or feel about division?
   - What alternatives are there to division?
   - Do the people understand consequences of division?
   - What are the cost benefits of such a division?


The Inuit Tapirisat of Canada Proposal
The Dene Nation Proposal
The 1963 Federal Government Proposal
The Federal Preserve
EXHIBIT 1
BOUNDARY PROPOSALS
Arctic Ocean
Beaufort Sea
Alaska
Yukon Territory
Northwest Territories
Banks Island
Victoria Island
Queen Elizabeth Islands
Ellesmere Island
Greenland
Baffin Bay
Devon Island
Davis Strait
Baffin Island
Hudson Strait
Hudson Bay
Atlantic Ocean
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec

To carry out its work the Committee defined three possible boundaries for division. These are commonly known as:

- The Inuit Tapirisat of Canada or "tree-line" proposal;
- The Dene Nation proposal;
- The 1963 Federal government proposal.

These three boundaries are shown on the map (Exhibit 1) on the facing page. This study reports on the impact of division along the three defined scenarios.

A fourth division scenario is also to be considered. This proposal separates the Arctic islands north of the northwest passage (74 degrees N latitude) from the N.W.T. into a Federal preserve.

OTHER DEVELOPMENTS WILL HAVE AN IMPACT ON DIVISION

It is important to recognize that the question of division is being debated in the context of other major developments. Undoubtedly, some of these will have a major effect on the ultimate division of the territories, however, they do not form part of this study. To provide a proper context for this report some comments have been made regarding these other developments and their relation to the question of division of the territories.

1. Land Claims May Not Be Separable From Division

   The Federal government is currently in the process of negotiating land claims with various aboriginal groups. The resolution of this issue may dictate if and where division of the territories will take place. Further, it is unclear as to whether or not land claims negotiations deal with political questions such as the form of government, native rights or division.

   Because of the close interrelationship of land claims and division it is uncertain whether the two questions can, in reality or practise, be separated. However, for purposes of this study we treat land claims as a separate issue which may or may not be resolved before a decision on division is reached. Further, we have no compelling reason to conclude that division will have any impact on land claim settlements or that settlement of land claims will have any impact on division.

2. Devolution Of Power

For some time there has been occurring a devolution of power from the Federal to the Territorial Governments in a number of areas, for example, renewable resources, education, social services and health care. We conclude that a division of the territories will not in, and of itself, increase or retard a further devolution of power. This is an area for political negotiation and settlement. It is conceivable that two territories could have more or less authority and responsibility than is currently exercised by the Government of the N.W.T.(1)

3. Resource Ownership

Similarly, the issue of resource ownership is separate from the question of division of the territories. It is entirely likely that, should the territories be divided, resource ownership will remain essentially with the Federal Government in two territories as it currently is in the N.W.T.

A division could retard political development and hence, delay the transfer of resource ownership. Alternatively, division might enhance this process.

4. Division Will Not Settle Many Issues

Many of the people we talked to, especially the average citizen, were confused as to what a division of the territories really meant. In some instances people held expectations that division would resolve many related issued, for example:

- The ability to gain additional subsidies for community needs;
- Resource ownership;
- Additional powers transferred fro.n Federal to new territorial governments;
- The form and structure of the new territorial governments.

---

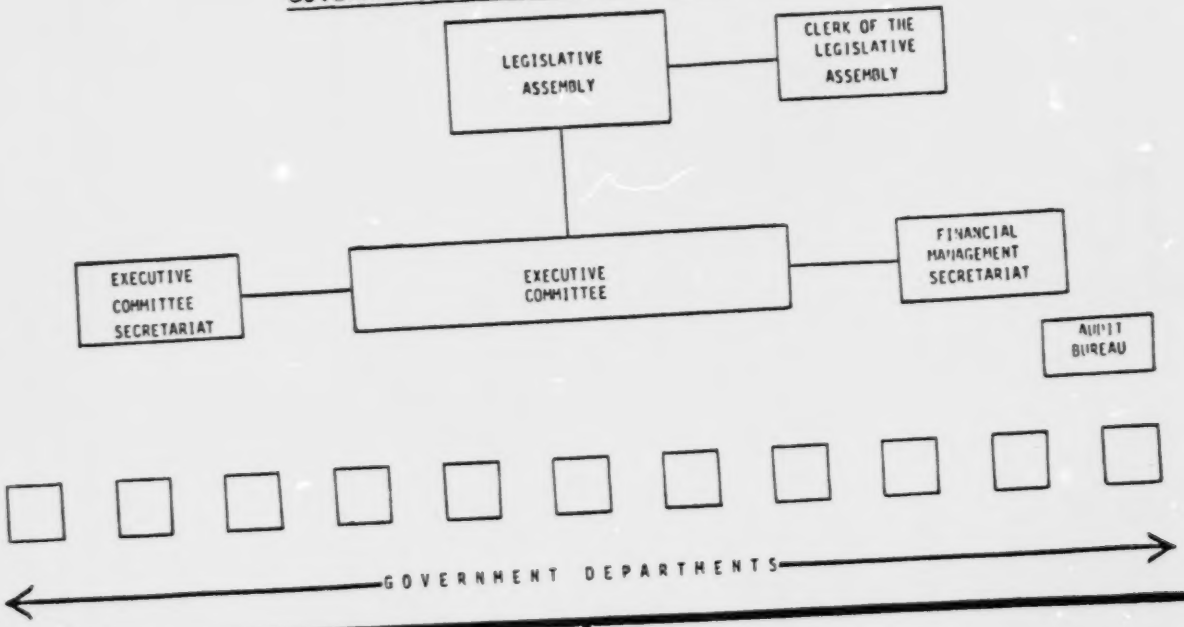
1. This point is elaborated in section entitled "Road to Responsible Government".

EXHIBIT 2

ASSUMED GOVERNMENT STRUCTURE NOW AND AFTER DIVISION

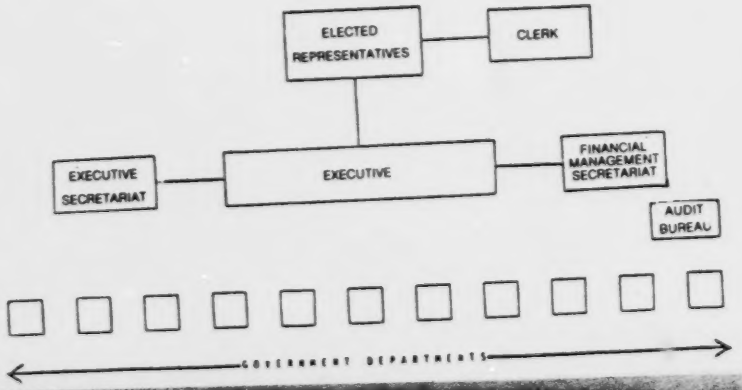
GOVERNMENT NORTH WEST TERRITORIES

NOW

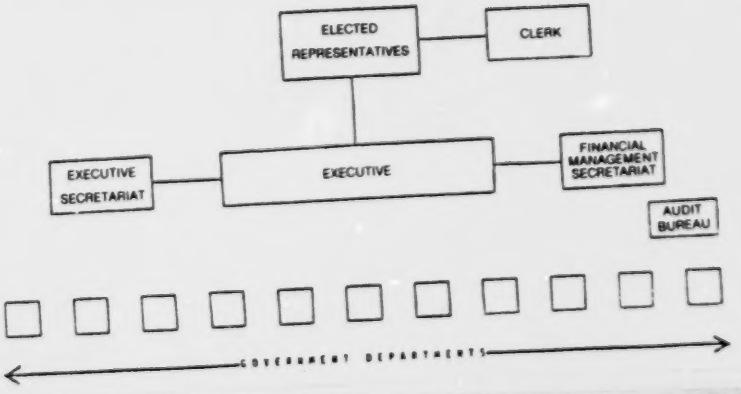


GOVERNMENT OF A WESTERN TERRITORY

AFTER DIVISION



GOVERNMENT OF AN EASTERN ASSEMBLY



In our view, these issues may or may not be settled coincident with the division of the territories. It is entirely possible to divide the territories without changing the status quo of any of these questions. We see the potential for dissatisfaction among the people as a result of unfulfilled expectations, which would result from a division with little or no change in these issues.

THE POST DIVISION ENVIRONMENT IS UNCLEAR

During our interviews it was suggested that, with a division of the territories, significant changes in government structures and policies would occur. These changes would help decrease the alienation felt by many toward the GNWT, attune policies more closely with the desires of people in specific areas and encourage greater participation in government by native northerners. To date no specific proposals have been articulated which illustrate how the post division environment would/could function. Therefore, to define the likely impact of division based on speculative changes is unwise. Hence, for purposes of this report, we have assumed as a base case that a division of the N.W.T. would result (initially) in two territories with essentially the same government structure as currently exists. A second headquarters (capital) with a Legislative Assembly, Commissioner's office and civil service would be created, together with rationalization of existing regions. Exhibit 2 (facing) illustrates this assumption.

Undoubtedly, government structures and policies will evolve in two territories, but perhaps in a different manner than they would in a single N.W.T. This suggests that such changes in a divided territory are a normal evolution which can be guided and controlled and thus cannot be viewed as an impact of division.

REPORT OUTLINE

Following this preamble, the report is divided into three parts.

Part one of the report - "Boundary Proposals" - evaluates the impact of division along the three boundary scenarios as defined by the Committee. We also report on the fourth division, the High Arctic (north of 74 degrees latitude) which would remain as a Federal preserve.

The second part - "General Impacts of Division" - outlines the issues and conclusions resulting from a division regardless of which boundary is selected. We believe this information is valid for all of the three proposed boundaries.

The final part of the report - "Communication Prior to the Plebiscite" - addresses the question of how best to communicate the results of the Impact Committee's work prior to the plebiscite.

EXHIBIT 3

GNWT COST ESTIMATES[1] 1981/82 FISCAL YEAR

	HQ	Ft. Smith	Inuvik	Cent.Arctic	Baffin	Keewatin	Total
O&M Costs[2]							
- Salaries & Wages	$ 34,711	$17,137	$11,808	$5,386	$16,013	$ 7,829	$ 92,884
- Grants & Contributions	18,956	5,306	4,277	1,042	8,542	5,067	43,190
- Other O&M	50,277	20,071	16,905	8,693	24,034	11,030	131,010
TOTAL O&M	$103,944	42,514	32,990	15,121	48,589	23,926	267,084
CAPITAL							
Prior	$ 11,264	$14,422	$ 3,135	$1,791	$ 4,865	$ 4,521	$ 39,998
81/82	18,968	7,371	11,012	5,758	12,729	10,071	65,909
82/83	16,908	5,470	9,005	1,480	5,905	7,350	46,118
83/84	7,697	200	0	0	1,250	3,150	12,297
Future	7,498	300	0	0	300	300	8,398
TOTAL CAPITAL	$ 62,335	$27,814	$23,152	$8,707	$25,049	$25,392	$172,449
MAN YEARS							
TOTAL MAN YEARS	1178	576	397	183	533	262	3,120

1. Housing Corporation and Liquor Commission excluded.

2. O&M costs adjusted to reflect location of expenditure, not location of Administrative Control.

SOURCE: GNWT 81/82 Main Estimates

PART I

BOUNDARY PROPOSALS

This part of the report first looks at the cost increases that we estimate will occur with a division of the territories, regardless of which boundary is chosen.

The following sections of the report present the quantitative data which illustrates the impact of the alternative boundary proposals. For each proposal the information is presented in five categories:

- Population
- Income
- Government Revenue
- Government Expenditure
- Miscellaneous

To facilitate comparison among the proposals, Appendix E presents the data for each boundary proposal.

COST CHANGES WITH DIVISION

One of the prime concerns or reasons for suggesting that division of the territories is impractical is the perception that increased government costs will occur. In this section we examine costs and suggest the likely changes that will occur due to a division of the territories.

1. Current GNWT Costs

   The table (Exhibit 3) on the facing page outlines the expected GNWT costs for the 1981/82 fiscal year. Using these costs as a starting point we have attempted to define the changes that would occur with a division of the territories.

2. Additional Headquarters Costs are Expected

In any government there are a number of headquarters costs which deal with such items as:

- The Legislative process;
- Policy development;
- Financial management, expenditure control and audit;
- Interaction with senior levels of government;
- Centralized activities such as purchasing, staffing, etc.

These items are generally insensitive to the level of population served, or the geographical area covered. In other words, the costs for performing these functions would not be significantly reduced if the population and area with which they deal was substantially reduced, nor would they substantially increase for a bigger entity(1). Thus, with a division of the territories we would expect additional costs reflecting the need to establish a new headquarters. We would expect some decrease in the present headquarters costs for the West-N.W.T., but this would be more than offset by additional costs in the East-N.W.T.

The most significant variable in headquarters costs that would change with a division of the territories, is that of salaries and wages. Based on interviews and an examination of the functions performed by the GNWT headquarters, we conclude that staff reductions in the order of 10% to 25% of current headquarters levels could be expected in the various departments. These adjusted headquarters costs must be duplicated to perform similar functions in any new territory. We estimate that 75% of the reduced cost in the West-N.W.T. will be required for an HQ in the East-N.W.T. This estimate is based on an estimate of level of activity required in the new territory.

From our calculations(2) we arrive at an increase of 362 man years with a direct salary cost of $10,624,000 annually. Until such time as specific jobs are defined and the form and structure of

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1. We believe this holds true within the parameters of size and population of the N.W.T. A shift to the size of Alberta or Ontario would change this relationship.

2. See Appendix B for derivation of these figures.

a new government are known these increments could vary by plus or minus 25%. In other words the expected increase in man years could be from between 272 man years to 452 man years.

In addition to direct salary costs other O&M increases will also occur. These increases will be largely attributable to staff benefits, increased space costs, additional supplies and a poorer utilization of equipment. We estimate such increases to be approximately half that attributed to direct salaries or in the order of $5,312,000 per annum.

At this time we see little change in the total grants and contributions expended by HQ in two territories instead of a single N.W.T.

The following figures reflect the likely adjustments to headquarters costs that could be expected with the division of the territories.

EXPECTED CHANGES IN HQ COSTS

	Current HQ Costs	Expected HQ Costs	-25%	Range Expected	+25%
Salaries & Wages	$ 34,711	$ 45,335	$ 42,679	$ 45,335	$ 47,991
Grants & Contr.	18,956	18,956		18,956	
Other O&M	50,277	55,589	54,211	55,589	56,867
TOTAL O&M	$103,944	$119,880	$115,846	$119,880	$123,814
Man years	1178	1542	1451	1542	1632
% Increase					
Total O&M			11.40%	15.28%	19.06%
Man years			23.01%	30.68%	38.35%

EXHIBIT 4

CAPITAL COSTS(1) FOR ESTABLISHING A NEW HEADQUARTERS IN EASTERN ARCTIC

		#Units	Unit Cost	$Thousands	Tolerance	Range	
1. Housing	-	275 dwellings/ (112 Sq.M. x 1055.6 Sq.M.)	$118,230	$32,512	+25%	$24,384	$40,641
2. Office	-	15,385 (Sq.M.) x 1055.60/Sq.M.		16,240	+25%	12,180	20,301
3. Utilities	-	Additions/improvements to sewage, water, electric etc.@ + $15,000/house		4,125			
		$1,000 per job		550			
		Total Utilities		4,675	+50%	2,338	7,013
4. Relocation Expense	-	Moving employees (from Yellowknife or elsewhere) 275 x $10,000		2,750			
	-	Office Materials, records etc. 550 jobs x $2,500/job travel, set up etc.		1,375			
		Total Relocation		4,125	50%	2,063	6,188
TOTAL				$57,553		40,965	74,141
CONTINGENCY 25%				14,388		10,241	18,535
EXPECTED CAPITAL COST				$71,941		$51,206	$92,676

1. Addition to schools, hospitals, roads etc. may also be required.

3. Little Change in Local/Regional Costs

The GNWT is already decentralized to a large degree. The delivery of services whether they be education, health, or other services, occurs at the community level and hence should not be affected through a division of the territories. For example, we would not expect the number of teachers in the classroom to change if two territories are established. This would be true for other regional costs whether or not they are provided directly by the GNWT or by the Federal government.

This does not suggest that there would be no change in how services may be delivered at the regional level with division. However, until such clarifications are known we assume that local and regional government costs will remain constant whether there are one or two territories.

4. Establishing a New Territorial Government

As previously stated we can expect an increase of approximately 360 man years and $15,936 in headquarters costs through a division of the territories. Further, due to relative size and state of development we estimate that East-N.W.T. costs are 75% of those in the West-N.W.T. Using this assumption therefore, we expect some 550 headquarters jobs to be resident in the east and the remaining 990 to remain in Yellowknife. To house and office the 550 jobs in the eastern territory suggests a heavy capital expenditure program will be required.

Exhibit 4 (facing) outlines preliminary cost estimates for establishing and moving to a new headquarters in the east. These expected capital costs ($70 million) are roughly equal to one year's capital budget of the GNWT.

5. Other Capital Costs are Location Oriented

The other capital costs identified in the GNWT budget can be attributed to specific locations and hence, should not be affected by a division of the territories. The exception to this statement would occur in Yellowknife, where capital expenditures may be deferred or cancelled as a result of the split of the headquarters operation.

6. Revenue Projections

Division of the Territories by itself would seem to create no direct opportunites for new revenue generation. The exception to this would

be an expected increase in revenue resulting from income tax and other government revenues (liquor sales, motor vehicle licences, etc.) occurring as a result of the increase in government employment by virtue of the two territories.

With two territories it is likely that taxation rates and other government revenues will change over time. However, such changes cannot be attributed to a division of the territories, but rather as a normal evolution of government policy.

It was suggested that the division would result in increased or renewed economic activity, thus spurring government revenue. However, as previously noted, we see little direct change in economic activity, and hence government revenues solely as a result of a division.

7. Opportunities for Cost Savings

At this point in the report we have identified a number of areas where cost increases are likely to occur. In arriving at these conclusions, we have made the assumption that government practices and policies in a divided territory would closely resemble those in existence today. We note the potential advantages of two separate territories and the ability of governments to better respond to public needs in specific areas, albeit with an increase in expenditures due to the duplication of headquarters.

It has been suggested that there are a number of unquantifiable factors which may well indeed reduce the cost of government in a divided territories. The following potential cost reductions should be noted, although they cannot be quantified until a more definitive government structure for each territory has been proposed and a body of experience has been built up regarding its operations. Such potential cost reduction factors are:

- Reduction in travel costs due to reduced distances;
- Improved administrative efficiencies through policies better accepted by the people, or more attuned to the geography;
- Increased participation in government by northerners, thereby reducing the cost of southern personnel;
- A government structure and procedures more attuned to the native life, resulting in the need for less explanation, bureaucracy etc.

Whether or not such savings can be realized is dependent upon a number of factors, many of which have not been specified to date. The $16 million increase we have calculated represents only 6% of the existing GNWT O&M budget. Improved government operations suggested by the factors stated above could potentially reduce estimated cost increases or actually generate a savings. Such effects cannot be predicted at this time.

8. Direct Federal Cost Changes Appear Minimal

Federal government operations in the N.W.T. are typically regional or area offices of the various departments. As a result there would be little or no change in Federal government expenditures should a division of the territories occur. Minor increases may result by the necessity of the Federal government to deal with two territorial governments instead of one in the N.W.T. However, such changes are expected to be minimal.

A division of the territories may well permit the Federal government to better tune its policies which may actually result in cost savings. On balance, those Federal government employees we interviewed expected little change in the level of expenditures due to a division of the territories.

9. Impact on Other Programs

It should be noted that the additional expenditures in the order of $16 million per year or approximately 6%(1) of the current territorial O&M budget may well affect other programs unless additional funding is provided by the Federal government. To proceed with the division of the territories without a commitment for additional funding in the order of $16 million per year in O&M and approximately $70 million in one-time capital funds, may well affect the ability of the governments to deliver the level of service currently enjoyed by the people.

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1. The accuracy of these estimates is $12 - $20 million/year, or 4% - 8% of annual territorial O&M budget.

I.T.C. BOUNDARY

DIVISION OF COMMUNITIES

WESTERN TERRITORY

Arctic Red River
Colville Lake
Fort Franklin
Fort Good Hope
Fort McPherson
Fort Norman
Norman Wells
Detah
Enterprise
Fort Liard
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Jean Marie River
Kakisa
Lac La Marte
Nahanni Butte
Pine Point
Port Radium
Rae Lakes
Rae Edzo
Reliance
Snare Lake
Snowdrift
Trout Lake
Tungsten
Wrigley
Yellowknife

EASTERN TERRITORY

Arctic Bay
Broughton Island
Cape Dorset
Clyde River
Frobisher Bay
Grise Fiord
Hall Beach
Igloolik
Lake Harbour
Nanisivik
Pangnirtung
Pond Inlet
Resolute Bay
Sanikiluaq
Baker Lake
Chesterfield Inlet
Coral Harbour
Eskimo Point
Rankin Inlet
Repulse Bay
Whale Cove
Bathurst Inlet
Bay Chimo
Cambridge Bay
Coppermine
Gjoa Haven
Holman Island
Pelly Bay
Spence Bay
Aklavik
Inuvik
Paulatuk
Sachs Harbour
Tuktoyaktuk

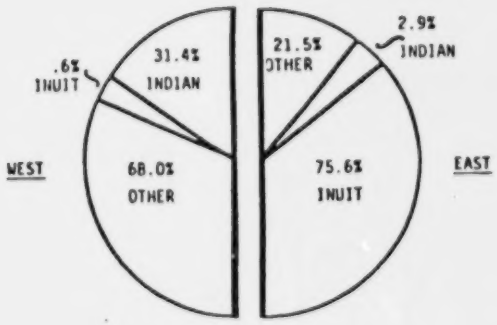
I.T.C. PROPOSAL

This boundary approximates the treeline as it cuts the territories on a rough diagonal from north-west to south-east (see map facing page 10). Given this boundary the following data are derived:

1. Population

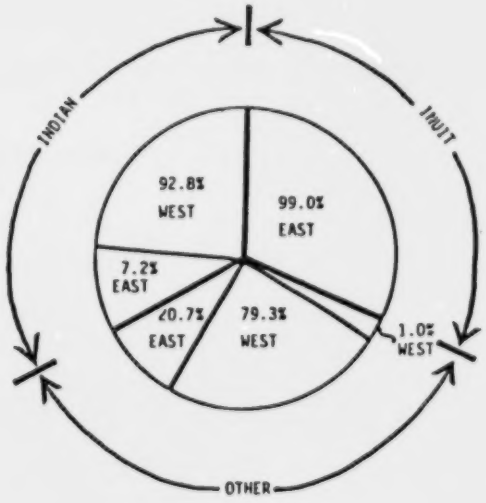
ETHNIC DISTRIBUTION

	WEST	EAST
Indian	8,049	621
Inuit	157	15,997
Other	17,447	4,552
TOTAL	25,653	21,170



ETHNIC DISTRIBUTION

This chart shows by ethnicity the percentage breakdown with each of two territories after division along the I.T.C. boundary.



EAST/WEST ETHNIC DISTRIBUTION

This chart shows (in percentage terms) how ethnic groups are split.

2. Income

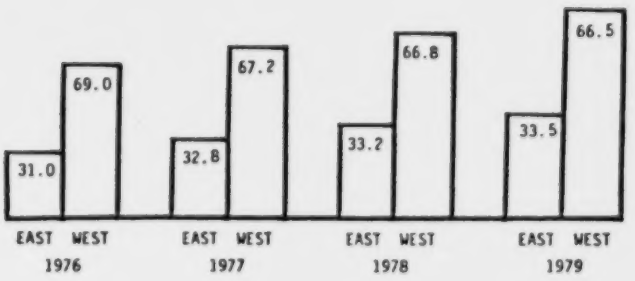
SOURCE: GNWT STATISTICS FROM TAX RETURNS
TOTAL REPORTED INCOME(1)

I.T.C. BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$186,768	$7,401	$93,918	$4,510
1978	169,443	6,666	84,370	4,022
1977	151,041	5,945	73,663	3,513
1976	139,350	5,969	62,499	3,244
Average	$161,651	$6,505	$78,612	$3,833
% Distribution	67.3%		32.7%	

Graphically this data is shown on the following bar chart:

PERCENTAGE DISTRIBUTION OF
REPORTED INCOME



1. Personal income as reported through tax returns.

TRAPPER INCENTIVE PROGRAM

This division reflects income reported under the trapper incentive program for the year 1979/80 . It should be noted that these figures are subject to wide fluctuations over time.

	I.T.C. BOUNDARY		
	WEST	EAST	TOTAL
Value Reported ($000's)	$2,622	$2,712	$5,334
# Hunters Reporting	1,764	2,550	4,314
Per Hunter	$1,486	$1,064	$1,236
Per Capita	102	128	114
% Distribution	49.2%	50.8%	

SOCIAL SERVICE PAYMENTS

Data are shown for the year 1980/81.

	I.T.C. BOUNDARY		
	WEST	EAST	TOTAL
Payments ($000's)	$2,466	$4,495	$6,961
Per Capita	97	216	151
% Distribution	35.4%	64.6%	

U.I.C. PAYMENTS

Data are shown for the nine months including July 1981.

	I.T.C. BOUNDARY		
	WEST	EAST	TOTAL
Payments	$48,687	$59,904	$108,591
% Distribution	44.8%	55.2%	

3. Government Revenue

INCOME TAX PAID(1) (FEDERAL & TERRITORIAL)

SOURCE: GNWT Statistics from Tax Returns

	I.T.C. BOUNDARY			
	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$ 32,549	$1,290	$14,880	$ 714
1978	28,220	1,110	12,698	605
1977	28,507	1,122	11,769	561
1976	22,929	982	9,618	499
Average	$ 28,051	$1,129	$12,242	$ 597
% Distribution	69.6%		30.4%	

1. Personal income tax only no corporate taxes included.

LIQUOR SALES

SOURCE: LIQUOR COMMISSION STATISTICS

	I.T.C. BOUNDARY	
	WEST	**EAST**
1979		
- Sales ($000's)	$9,449	$ 3,315
- Per Capita	$ 368	$ 157
- % Distribution	74.0%	26%
1978		
- Sales ($000's)	$8,873	$ 3,279
- Per Capita	$ 346	$ 155
- % Distribution	73.0%	27%

Note: These are sales, not profit statistics.

4. Government Expenditures

OPERATIONS & MAINTENANCE (O&M)

In the section entitled Cost Changes with Division we presented our estimates for increased HQ costs and man years. In addition to HQ costs we have distributed the Regional O&M expenditures as follows. All figures are in thousands.

REGIONAL DATA

SOURCE: GNWT 1981/82 Estimates - As Revised by Departments

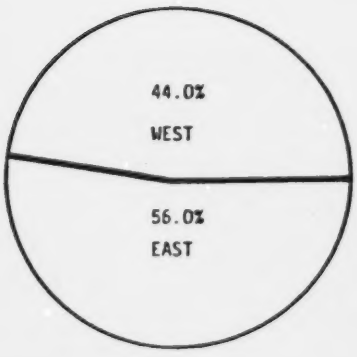
	I.T.C. WEST		I.T.C. EAST	
	Total ($000's)	**Per Capita**	**Total ($000's)**	**Per Capita**
Salaries & Wages	$21,335		$ 36,838	
Grants & Contributions	6,827		17,406	
Other O&M	26,081		54,652	
TOTAL O&M	$54,243	$2,114	$ 108,896	$5,144
TOTAL Man Years	717	28 (per 1,000 people)	1,233	58 (per 1,000 people)

Adding the regional O&M data to the estimated Headquarters costs the total O&M expenditures are derived as follows:

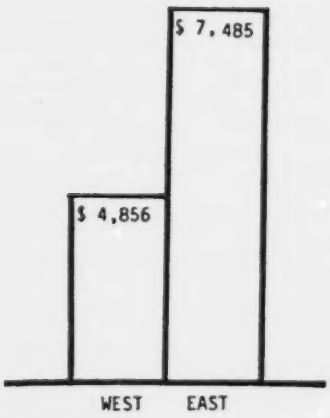
I.T.C. BOUNDARY

TOTAL ESTIMATED O&M EXPENDITURES

	WEST ($000's)	EAST ($000's)
Regional O&M	$54,243	$108,886
HQ O&M	70,322	49,558
TOTAL O&M	$124,565	$158,454
Regional Man Years	717	1,233
HQ Man Years	989	553
TOTAL MAN YEARS	1,706	1,786
Per Capita Total O&M	$ 4,856	$ 7,485
Man Years per 1,000 people	67	84



TOTAL O&M EXPENDITURES



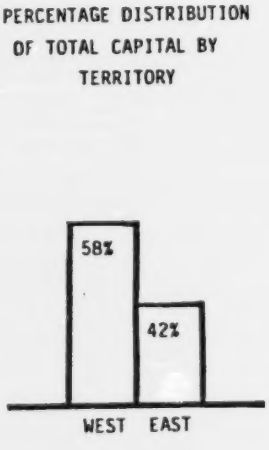
PER CAPITA O&M EXPENDITURES

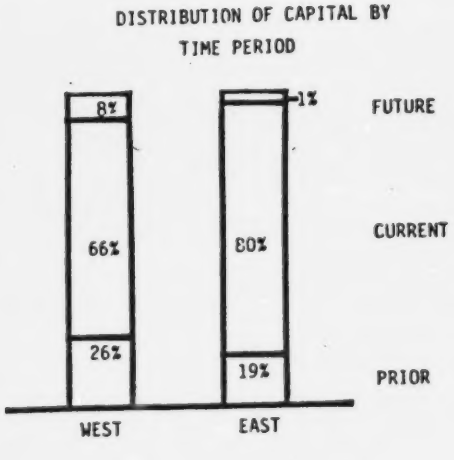
CAPITAL EXPENDITURE

Capital expenditures have been taken from GNWT data which show expenditure by location.

I.T.C. BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
Prior	$26,055	$1,016	$ 13,943	$ 659
Current (81-84)	65,730	2,562	58,645	2,770
Future	7,798	304	600	28
TOTAL	$99,583	$3,882	$ 73,188	$3,457





5. Miscellaneous Statistics - I.T.C. BOUNDARY

PERSON MILES TO CAPITAL

To compare the effects of division on distance to capital, we computed a weighted average (by community) of the distance to the capital should division take place. The weighted average is computed by multiplying the number of people in each community by its distance to the capital. For the eastern territory the capital (for illustrative purposes) is assumed to be either Frobisher Bay or Rankin Inlet, while the Western Capital remains Yellowknife.

WEIGHTED AVERAGE DISTANCE TO CAPITAL
(000's Person Miles)

	Frobisher Bay	Rankin Inlet
East	18,389	15,505
West (Yellowknife)	3,471	3,471
TOTAL	21,860	18,976
No Division	23,009	

DENE BOUNDARY

DIVISION OF COMMUNITIES

WESTERN TERRITORY

Bathurst Inlet
Bay Chimo
Coppermine
Aklavik
Arctic Red River
Colville Lake
Fort Franklin
Fort Good Hope
Fort McPherson
Fort Norman
Inuvik
Norman Wells
Paulatuk
Tuktoyaktuk
Detah
Enterprise
Fort Liard
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Jean Marie River
Kakisa
Lac La Marte
Nahanni Butte
Pine Point
Port Radium
Rae Lakes
Rae Edzo
Reliance
Snare Lake
Snowdrift
Trout Lake
Tungsten
Wrigley
Yellowknife

EASTERN TERRITORY

Arctic Bay
Broughton Island
Cape Dorset
Clyde River
Frobisher Bay
Grise Fiord
Hall Beach
Igloolik
Lake Harbour
Nanisivik
Pangnirtung
Pond Inlet
Resolute Bay
Sanikiluaq
Baker Lake
Chesterfield Inlet
Coral Harbour
Eskimo Point
Rankin Inlet
Repulse Bay
Whale Cove
Cambridge Bay
Gjoa Haven
Holman Island
Pelly Bay
Spence Bay
Sachs Harbour

DENE PROPOSAL

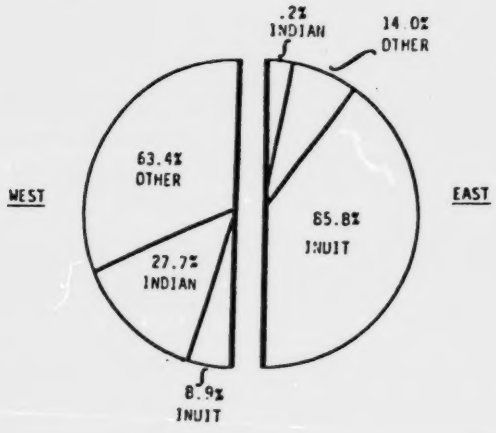
This boundary follows the shoreline of the coastline of the Beaufort Sea, and extends in a north/south direction dividing the Keewatin approximately in half.

1. Population

ETHNIC DISTRIBUTION

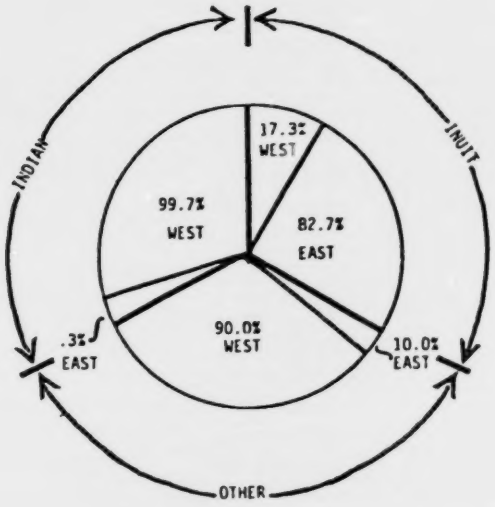
DENE BOUNDARY

	WEST	EAST
Indian	8,647	23
Inuit	2,795	13,359
Other	19,808	2,191
TOTAL	31,250	15,573



ETHNIC DISTRIBUTION

This chart shows by ethnicity the percentage breakdown with each of two territories after division along the Dene boundary.



EAST/WEST ETHNIC DISTRIBUTION

This chart shows (in percentage terms) how ethnic groups are split.

2. Income(1)

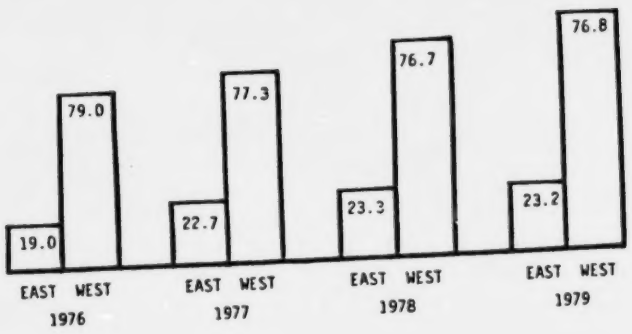
SOURCE: GNWT STATISTICS FROM TAX RETURNS

DENE BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$215,503	$7,010	$65,183	$4,255
1978	194,770	6,290	59,043	3,827
1977	173,600	5,609	51,104	3,313
1976	159,488	5,608	42,361	2,989
Average	$185,840	$6,139	$54,423	$3,607
% Distribution	77.3%		22.7%	

Graphically this data is shown on the following bar chart:

PERCENTAGE DISTRIBUTION OF TOTAL INCOME



1. Personal income as reported through tax returns.

TRAPPER INCENTIVE PROGRAM

This division reflects income reported under the trapper incentive program for the year 1979/80. It should be noted that these figures are subject to wide fluctuations over time.

	DENE BOUNDARY		
	WEST	EAST	TOTAL
Value Reported ($000's)	$3,258	$2,076	$5,334
# Hunters Reporting	2,291	2,023	4,314
Per Hunter	$1,422	$1,026	$1,236
Per Capita	104	133	114
% Distribution	61.1%	38.9%	

SOCIAL SERVICE PAYMENTS

Data are shown for the year 1980/81.

	DENE BOUNDARY		
	WEST	EAST	TOTAL
Payments ($000's)	$3,311	$3,650	$6,961
Per Capita	108	236	151
% Distribution	47.6%	52.4%	

U.I.C. PAYMENTS

Data are shown for the 9 months ending July 1981.

	DENE BOUNDARY		
	WEST	EAST	TOTAL
Payments	$59,145	$49,446	$108,591
% Distribution	54.5%	45.5%	

3. Government Revenue

INCOME TAX (FEDERAL & TERRITORIAL) (1)

SOURCE: GNWT Statistics from Tax Returns

	DENE BOUNDARY			
	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$ 37,146	$1,208	$10,283	$ 671
1978	32,088	1,036	8,830	572
1977	32,167	1,039	8,109	526
1976	26,150	920	6,397	451
Average	$ 31,888	$1,053	$ 8,405	$ 557
% Distribution	79.1%		20.9%	

1. Personal income tax only no corporate taxes included.

LIQUOR SALES

SOURCE: LIQUOR COMMISSION STATISTICS

DENE BOUNDARY

	WEST	**EAST**
1979		
- Sales ($000's)	$11,819	$ 945
- Per Capita	$ 378	$ 61
- % Distribution	92.6%	7.4%
1978		
- Sales ($000's)	$11,204	$ 948
- Per Capita	$ 359	$ 61
- % Distribution	87.8%	12.2%

Note: These are sales, not profit statistics.

4. Government Expenditures

OPERATIONS & MAINTENANCE (O&M)

In the section entitled Cost Changes with Division we presented our estimates for increased HQ costs and man years. In addition to HQ costs we have distributed the Regional O&M expenditures as follows. All figures are in thousands.

REGIONAL DATA

SOURCE: GNWT 1981/82 Estimates - As Revised by Departments

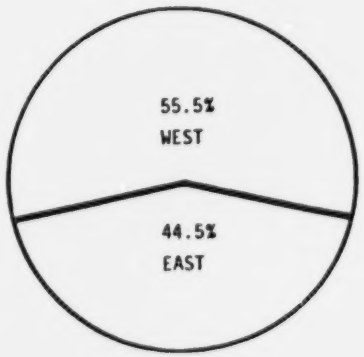
	DENE - **WEST**		DENE - **EAST**	
	Total ($000's)	**Per Capita**	**Total ($000's)**	**Per Capita**
Salaries & Wages	$30,069		$ 28,104	
Grants & Contributions	9,755		14,478	
Other O&M	38,839		41,894	
TOTAL O&M	$78,662	$2,517	$ 84,477	$5,425
TOTAL Man Years	1011	32.4 (per 1,000 people)	939	60.3 (per 1,000 people)

Adding the regional O&M data to the estimated Headquarters costs the total O&M expenditures are derived as follows:

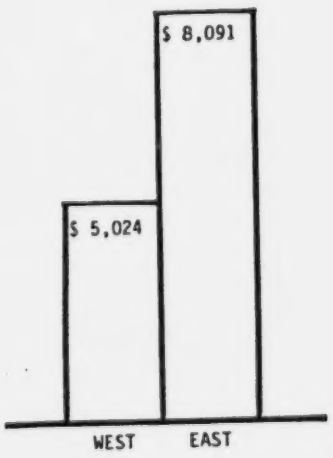
DENE BOUNDARY

TOTAL - ESTIMATED O&M EXPENDITURES

	WEST ($000's)	EAST ($000's)
Regional O&M	$78,662	$ 84,477
HQ O&M	78,346	41,534
TOTAL O&M	$157,008	$126,011
Regional Man Years	1,011	939
HQ Man Years	989	553
TOTAL MAN YEARS	2,000	1,492
Per Capita Total O&M	$ 5,024	$ 8,092
Man Years per 1,000 people	64	96



TOTAL O&M EXPENDITURES



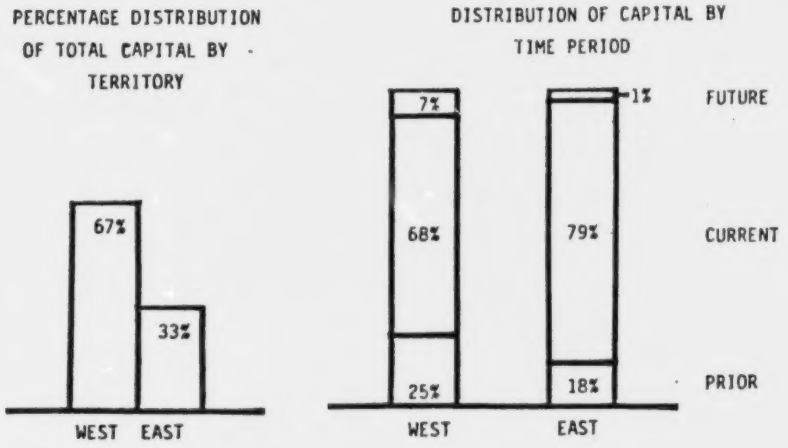
PER CAPITA O&M EXPENDITURES

CAPITAL EXPENDITURE

Capital expenditures have been taken from GNWT data which shows expenditure by location.

DENE BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
Prior	$29,276	$ 937	$ 10,722	$ 688
Current (81-84)	78,284	2,505	46,091	2,960
Future	7,798	250	600	39
TOTAL	$115,358	$3,691	$ 57,413	$3,687



5. Miscellaneous Statistics - DENE BOUNDARY

PERSON MILES TO CAPITAL

To compare the effects of division on distance to capital, we computed a weighted average (by community) of the distance to the capital should division take place. The weighted average is computed by multiplying the number of people in each community by its distance to the capital. For the eastern territory the capital (for illustrative purposes) is assumed to be either Frobisher Bay or Rankin Inlet, while the Western Capital remains Yellowknife.

WEIGHTED AVERAGE DISTANCE TO CAPITAL
(000's Person Miles)

	Frobisher Bay	Rankin Inlet
East	8,956	8,136
West (Yellowknife)	6,935	6,935
TOTAL	15,891	15,071
No Division	23,009	

FEDERAL 1963 BOUNDARY

DIVISION OF COMMUNITIES

WESTERN TERRITORY

Bathurst Inlet
Bay Chimo
Cambridge Bay
Coppermine
Holman Island
Aklavik
Arctic Red River
Colville Lake
Fort Franklin
Fort Good Hope
Fort McPherson
Fort Norman
Inuvik
Norman Wells
Paulatuk
Sachs Harbour
Tuktoyaktuk
Detah
Enterprise
Fort Liard
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Jean Marie River
Kakisa
Lac La Marte
Nahanni Butte
Pine Point
Port Radium
Rae Lakes
Rae-Edzo
Reliance
Snare Lake
Snowdrift
Trout Lake
Tungsten
Wrigley
Yellowknife

EASTERN TERRITORY

Arctic Bay
Broughton Island
Cape Dorset
Clyde River
Frobisher Bay
Grise Fiord
Hall Beach
Igloolik
Lake Harbour
Nanisivik
Pangnirtung
Pond Inlet
Resolute Bay
Sanikiluaq
Baker Lake
Chesterfield Inlet
Coral Harbour
Eskimo Point
Rankin Inlet
Repulse Bay
Whale Cove
Gjoa Haven
Pelly Bay
Spence Bay

THE FEDERAL, 1963 PROPOSAL

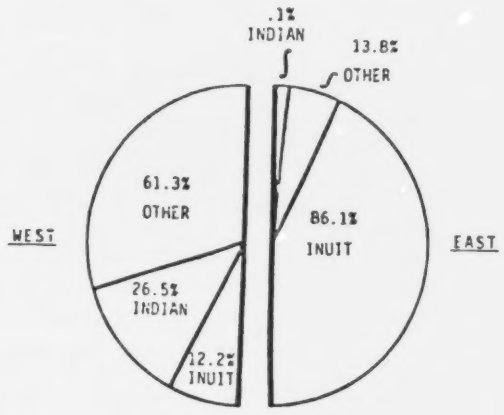
The boundaries of this proposal run north/south along the 105 degree West longitude meridian, skirting Victoria Island and northward to 74 degrees N. The East/West boundary runs directly along the 74th parallel. All lands north of 74 degrees are in the Eastern territory.

1. Population

ETHNIC DISTRIBUTION

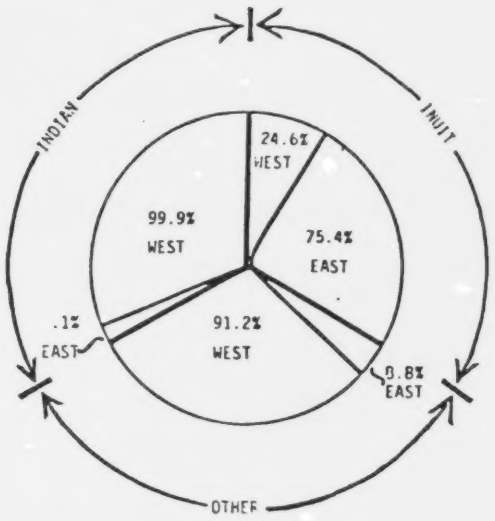
FEDERAL 1963 BOUNDARY

	WEST	EAST
Indian	8,660	10
Inuit	3,975	12,179
Other	20,051	1,948
TOTAL	32,686	14,137



ETHNIC DISTRIBUTION

This chart shows by ethnicity the percentage breakdown with each of two territories after division along the Fed. '63 boundary.



EAST/WEST ETHNIC DISTRIBUTION

This chart shows (in percentage terms) how ethnic groups are split.

2. Income (1)

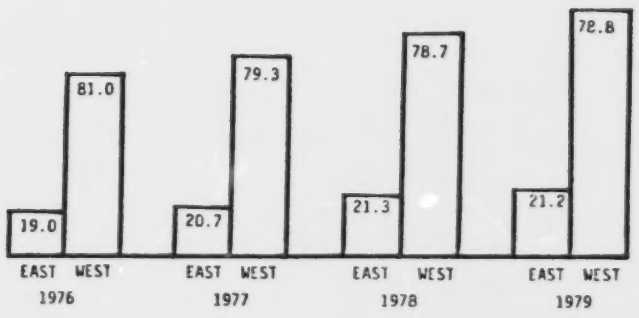
SOURCE: GNWT STATISTICS FROM TAX RETURNS

FEDERAL 1963 BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$221,259	$6,881	$59,427	$4,273
1978	199,965	6,174	53,848	3,844
1977	178,284	5,507	46,420	3,315
1976	163,593	5,500	38,256	2,974
Average	$190,775	$6,025	$49,488	$3,613
% Distribution	79.4%		20.6%	

Graphically the data are shown on the following bar chart:

PERCENTAGE DISTRIBUTION OF TOTAL INCOME



1. Personal income as reported through tax returns.

TRAPPER INCENTIVE PROGRAM

This division reflects income reported under the trapper incentive program for the year 1979/80. It should be noted that these figures are subject to wide fluctuations over time.

	FEDERAL 1963 BOUNDARY		
	WEST	EAST	TOTAL
Value Reported ($000's)	$3,577	$1,757	$5,334
# Hunters Reporting	2,479	1,835	4,314
Per Hunter	$1,441	$ 957	$1,236
Per Capita	109	124	114
% Distribution	67.1%	32.9%	

SOCIAL SERVICE PAYMENTS

Data are shown for the year 1980/81.

	FEDERAL 1963 BOUNDARY		
	WEST	EAST	TOTAL
Payments ($000's)	$3,738	$3,223	$6,961
Per Capita	117	230	151
% Distribution	53.7%	46.3%	

U.I.C. PAYMENTS

Data are shown for 9 months ending July 1981.

	FEDERAL 1963 BOUNDARY		
	WEST	EAST	TOTAL
Payments	$61,451	$47,140	$108,591
% Distribution	56.6%	43.4%	

3. Government Revenue

INCOME TAX (FEDERAL & TERRITORIAL) (1)

SOURCE: GNWT Statistics from Tax Returns

	FEDERAL 1963 BOUNDARY			
	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$ 38,075	$1,184	$ 9,354	$ 673
1978	32,882	1,015	8,036	574
1977	33,064	1,021	7,212	515
1976	26,807	901	5,740	446
Average	$ 32,707	$1,033	$ 7,586	$ 554
% Distribution	81.2%		18.8%	

1. Personal income tax only, no corporate taxes included.

LIQUOR SALES

SOURCE: LIQUOR COMMISSION STATISTICS

FEDERAL 1963 BOUNDARY

	WEST	EAST
1979		
- Sales ($000's)	$12,007	$ 757
- Per Capita	$ 367	$ 54
- % Distribution	94.1%	5.9%
1978		
- Sales ($000's)	$11,382	$ 770
- Per Capita	$ 348	$ 54
- % Distribution	93.7%	6.3%

Note: These are sales, not profit statistics.

4. Government Expenditures

OPERATIONS & MAINTENANCE (O&M)

In the section entitled Cost Changes with Division we presented our estimates for increased HQ costs and man years. In addition to HQ costs we have distributed the Regional O&M expenditures as follows. All figures are in thousands.

REGIONAL DATA

SOURCE: GNWT 1981/82 Estimates - As Revised by Departments

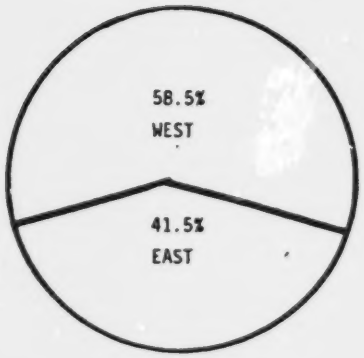
	FED '63 WEST		FED '63 EAST	
	Total ($000's)	**Per Capita**	**Total ($000's)**	**Per Capita**
Salaries & Wages	$32,324		$ 25,849	
Grants & Contributions	10,237		13,996	
Other O&M	42,429		38,304	
TOTAL O&M	$84,989	$2,600	$ 78,150	$5,528
TOTAL Man Years	1087	33 (per 1,000 people)	863	61 (per 1,000 people)

Adding the regional O&M data to the estimated Headquarters costs the total O&M expenditures are derived as follows:

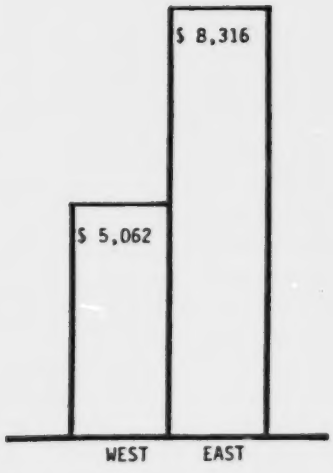
FEDERAL 1963 BOUNDARY

TOTAL ESTIMATED O&M EXPENDITURES

	WEST ($000's)	EAST ($000's)
Regional O&M	$84,989	$ 78,150
HQ O&M	80,471	39,409
TOTAL O&M	$165,460	$117,559
Regional Man Years	1,087	863
HQ Man Years	989	553
TOTAL MAN YEARS	2,076	1,416
Per Capita Total O&M	$ 5,062	$ 8,316
Man Years per 1,000 people	64	100



TOTAL O&M EXPENDITURES



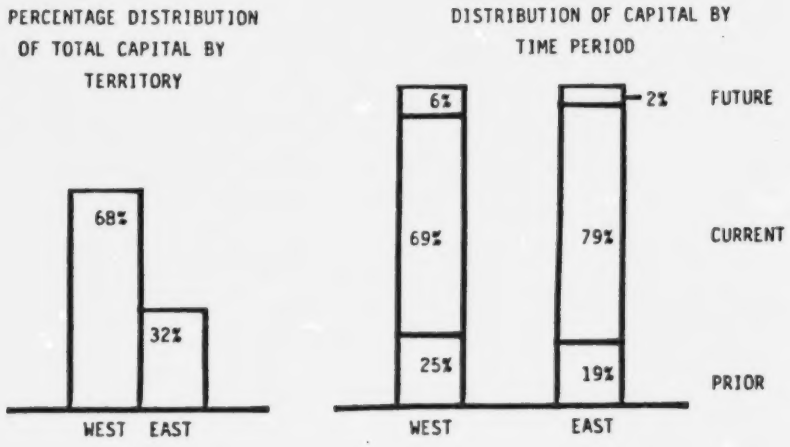
PER CAPITA O&M EXPENDITURES

CAPITAL EXPENDITURE

Capital expenditures have been taken from GNWT data which shows expenditure by location.

FEDERAL 1963 BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
Prior	$29,674	$ 908	$ 10,324	$ 730
Current (81-84)	80,594	2,466	43,781	3,097
Future	7,798	239	600	42
TOTAL	$118,066	$3,612	$ 54,705	$3,870



5. Miscellaneous Statistics - FEDERAL 1963 BOUNDARY

PERSON MILES TO CAPITAL

To compare the effects of division on distance to capital, we computed a weighted average (by community) of the distance to the capital should division take place. The weighted average is computed by multiplying the number of people in each community by its distance to the capital. For the eastern territory the capital (for illustrative purposes) is assumed to be either Frobisher Bay or Rankin Inlet, while the Western Capital remains Yellowknife.

WEIGHTED AVERAGE DISTANCE TO CAPITAL
(000's Person Miles)

	Frobisher Bay	Rankin Inlet
East	7,252	7,128
West (Yellowknife)	7,412	7,412
TOTAL	14,664	14,540
No Division	23,009	

FEDERAL PRESERVE PROPOSAL

This boundary proposal separates the arctic islands north of the (74 degree latitude) northwest passage into a federal preserve. We have analyzed the data for this proposal in the same manner as for other boundary proposals. In cases where regional data, such as O&M expenditure or income data are used, the distribution by population must be viewed with caution. We suspect the cost characteristics in this area do not follow patterns of other areas. The division of the basis of population dictates that 3.15% of Baffin Region data be allocated to this area. Community based data, such as capital budget or the trapper incentive program is more accurate.

1. Population(1)

	TOTAL	% OF TOTAL ETHNIC GROUP	ETHNIC DISTRIBUTION
Indian	0	0%	0%
Inuit	261	1.62%	97%
Other	8	.04	3%
TOTAL	269		100%

2. Income(2)

TOTAL INCOME

SOURCE: Tax Returns

	TOTAL ($000's)	PER CAPITA
1979	$1,263	$4,773
1978	1,126	4,225
1977	973	3,652
1976	807	3,297
Average	$1,042	$3,999

---

1. Excludes military personnel in such places as Alert for which information is not available.

2. Personal income as reported through tax returns.

FEDERAL PRESERVE

TRAPPER INCENTIVE PROGRAM 1979/80

Value Fur	$35,000
# Hunters Reporting	48
Average per Hunter	$ 729
Per Capita	$ 130

U.I.C. PAYMENTS
(YEAR 1980/81)

TOTAL	$ 3,185

3. Government Revenue - FEDERAL PRESERVE

INCOME TAX(1)

	TOTAL ($000's)	PER CAPITA
1979	$207	$782
1978	177	664
1977	155	582
1976	125	511
Average	$166	$637

LIQUOR SALES

There are no liquor stores in this area, the value of liquor imported is not known.

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1. Personal income tax only no corporate taxes included.

4. Government Expenditures - FEDERAL PRESERVE

OPERATIONS & MAINTENANCE

REGIONAL O&M(1)	**TOTAL**	**PER CAPITA**
Salaries & Wages	$504,000	$1,874
Grants & Contributions	269,000	1,000
Other O&M	757,000	2,814
TOTAL Reg. O&M	$1,530,000	$5,687
Man Years	17	63 (Per 1,000 people)
HQ O&M		
TOTAL	$1,130,000	$4,200
Man Years(2)	25	93
TOTAL O&M		
TOTAL	$2,660,000	$9,888
Man Years (Per 1,000 People)		156

CAPITAL EXPENDITURES

	TOTAL	**PER CAPITA**
Prior	$ 0	$ 0
1981-84	$119,000	$442
Future	9,000	33
TOTAL	$128,000	$476

---

1. These figures represent 3.15% of Baffin Region totals.

2. Estimate only.

5. Person Miles To Capital

	YELLOWKNIFE	FROBISHER BAY	RANKIN INLET
		(000's Person Miles)	
Grise Fiord	113	88	91
Resolute Bay	165	168	139
	278	256	230

These figures are derived by multiplying the number of people in each community by the air miles to the designated city. All figures are in thousands.

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

DIVISION OF COMMUNITIES

WESTERN TERRITORY

Bathurst Inlet
Bay Chimo
Cambridge Bay
Coppermine
Holman Island
Arctic Red River
Colville Lake
Fort Franklin
Fort Good Hope
Fort McPherson
Fort Norman
Norman Wells
Paulatuk
Sachs Harbour
Tuktoyaktuk
Detah
Enterprise
Fort Liard
Fort Providence
Fort Resolution
Fort Simpson
Fort Smith
Hay River
Jean Marie River
Kakisa
Lac La Marte
Nahanni Butte
Pine Point
Port Radium
Rae Lakes
Rae-Edzo
Reliance
Snare Lake
Snowdrift
Trout Lake
Tungsten
Wrigley
Yellowknife
Aklavik
Inuvik

EASTERN TERRITORY

Arctic Bay
Broughton Island
Cape Dorset
Clyde River
Frobisher Bay
Hall Beach
Igloolik
Lake Harbour
Nanisivik
Pangnirtung
Pond Inlet
Sanikiluaq
Baker Lake
Chesterfield Inlet
Coral Harbour
Eskimo Point
Rankin Inlet
Repulse Bay
Whale Cove
Gjoa Haven
Pelly Bay
Spence Bay

THE FEDERAL, 1963 PROPOSAL WITHOUT FEDERAL PRESERVE

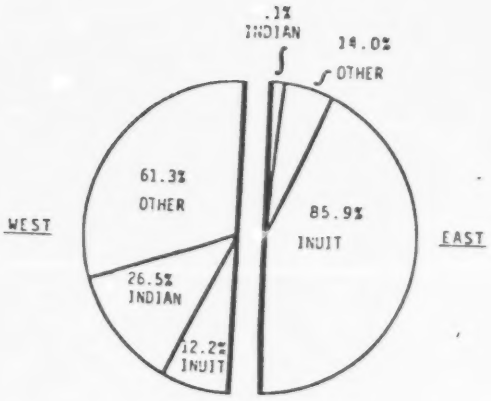
The two previous sections dealt with the Federal '63 Boundary Proposal and the Federal Preserve, respectively. In this section we present the statistical information for the Federal '63 Proposal under the assumption that the Federal Preserve has been removed. The resulting data are derived by subtracting the Federal Preserve figures from the Federal '63 East figures and recalculating per capita and distribution figures.

1. Population

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

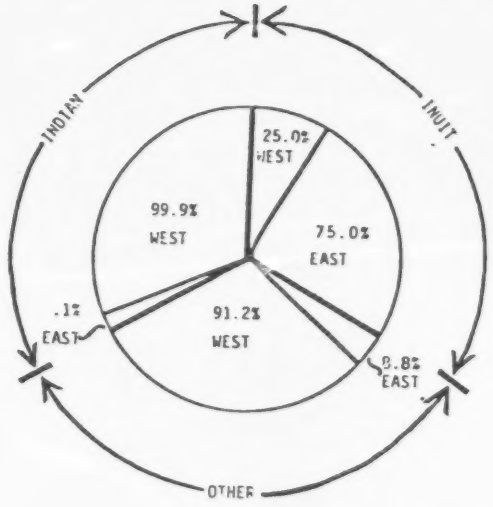
ETHNIC DISTRIBUTION

	WEST	EAST
Indian	8,660	10
Inuit	3,975	11,918
Other	20,051	1,940
TOTAL	32,686	13,868



ETHNIC DISTRIBUTION

This chart shows by ethnicity the percentage breakdown with each of two territories after division along the Fed. '63 boundary, minus the Arctic Preserve.



EAST/WEST ETHNIC DISTRIBUTION

This chart shows (in percentage terms) how ethnic groups are split.

2. Income (1)

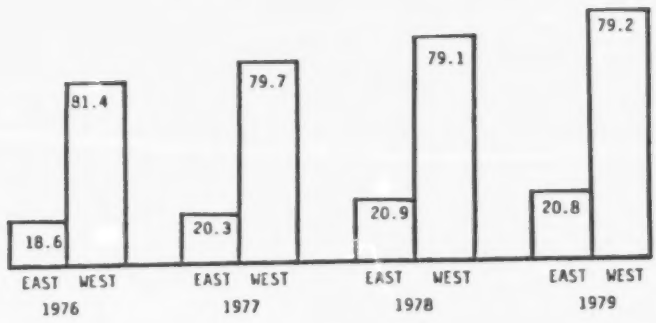
SOURCE: GNWT STATISTICS FROM TAX RETURNS

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$221,259	$6,881	$58,164	$4,182
1978	199,965	6,174	52,722	3,763
1977	178,284	5,507	45,447	3,245
1976	163,593	5,500	37,449	2,911
Average	$190,775	$6,025	$48,445	$3,536
% Distribution	79.7%		20.3%	

Graphically this data is shown on the following bar chart:

PERCENTAGE DISTRIBUTION OF TOTAL INCOME



1. Personal income as reported through tax returns.

TRAPPER INCENTIVE PROGRAM

This division reflects income reported under the trapper incentive program for the year 1979/80. It should be noted that these figures are subject to wide fluctuations over time.

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST	EAST	TOTAL
Value Reported ($000's)	$3,577	$1,722	$5,299
# Hunters Reporting	2,479	1,787	4,266
Per Hunter	$1,441	$ 963	$1,242
Per Capita	109	124	114
% Distribution	67.5%	32.5%	

SOCIAL SERVICE PAYMENTS

Data are shown for the year 1980/81.

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST	EAST	TOTAL
Payments ($000's)	$3,738	$3,173	$6,911
Per Capita	117	228	148
% Distribution	54.1%	45.9%	

U.I.C. PAYMENTS

Data are shown for 9 months ending July 1981.

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST	EAST	TOTAL
Payments	$61,451	$43,955	$105,406
% Distribution	58.3%	41.7%	

3. Government Revenue

INCOME TAX (FEDERAL & TERRITORIAL) (1)

SOURCE: GNWT Statistics from Tax Returns

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
1979	$ 38,075	$1,184	$ 9,147	$ 658
1978	32,882	1,015	7,859	561
1977	33,064	1,021	7,087	506
1976	26,807	901	5,615	436
Average	$ 32,707	$1,033	$ 7,427	542
% Distribution	81.5%		18.5%	

1. Personal income tax only, no corporate taxes included.

LIQUOR SALES

Liquor sales have not been altered from the Federal 1963 Boundary Proposal as the sales statistics in the Federal Preserve are not known.

4. Government Expenditures

OPERATIONS & MAINTENANCE (O&M)

In the section entitled Cost Changes with Division we presented our estimates for increased HQ costs and man years. In addition to HQ costs we have distributed the Regional O&M expenditures as follows. All figures are in thousands.

REGIONAL DATA

SOURCE: GNWT 1981/82 Estimates - As Revised by Departments

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST		EAST	
	Total ($000's)	**Per Capita**	**Total ($000's)**	**Per Capita**
Salaries & Wages	$32,324		$ 25,345	
Grants & Contributions	10,237		13,727	
Other O&M	42,429		37,547	
TOTAL O&M	$84,989	$2,600	$ 76,620	$5,525
TOTAL Man Years	1087	33.3 (per 1,000 people)	846	61.0 (per 1,000 people)

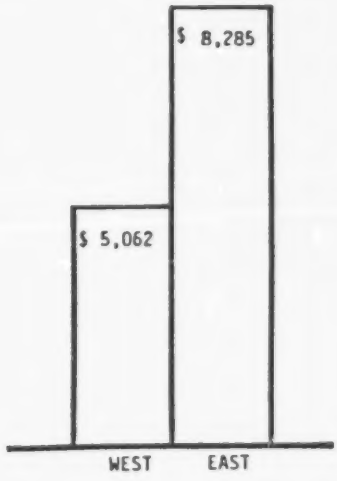
Adding the regional O&M data to the estimated Headquarters costs the total O&M expenditures are derived as follows:

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

TOTAL ESTIMATED O&M EXPENDITURES

	WEST ($000's)	EAST ($000's)
Regional O&M	$84,989	$ 76,620
HQ O&M	80,471	38,279
TOTAL O&M	$165,460	$114,899
Regional Man Years	1,087	846
HQ Man Years	989	528
TOTAL MAN YEARS	2,076	1,374
Per Capita Total O&M	$ 5,062	$ 8,285
Man Years per 1,000 people	64	99

TOTAL O&M EXPENDITURES



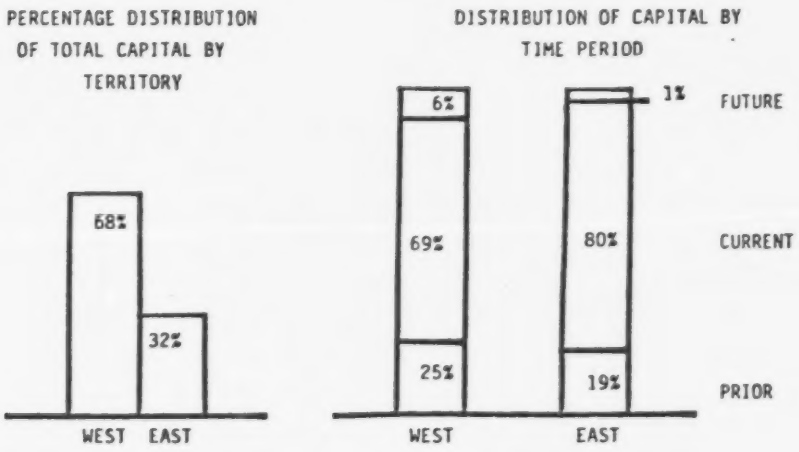
PER CAPITA O&M EXPENDITURES

CAPITAL EXPENDITURES

Capital expenditures have been taken from GNWT data which shows expenditure by location.

FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

	WEST		EAST	
	Total ($000's)	Per Capita	Total ($000's)	Per Capita
Prior	$29,674	$ 908	$ 10,324	$ 744
Current (81-84)	80,594	2,466	43,662	3,148
Future	7,798	239	591	43
TOTAL	$118,066	$3,612	$ 54,577	$3,935



5. Miscellaneous Statistics -
FEDERAL 1963 - FEDERAL PRESERVE BOUNDARY

PERSON MILES TO CAPITAL

To compare the effects of division on distance to capital, we computed a weighted average (by community) of the distance to the capital should division take place. The weighted average is computed by multiplying the number of people in each community by its distance to the capital. For the eastern territory the capital (for illustrative purposes) is assumed to be either Frobisher Bay or Rankin Inlet, while the Western Capital remains Yellowknife.

WEIGHTED AVERAGE DISTANCE TO CAPITAL
(000's Person Miles)

	Frobisher Bay	Rankin Inlet
East	6,996	6,898
West (Yellowknife)	7,412	7,412
TOTAL	14,408	14,310
No Division	22,731	

PART II

GENERAL IMPACTS OF DIVISION

General impacts are defined as those which are likely to occur regardless of choice of boundary. These general impacts are reported under five topics:

- Economic Development;
- Communities of Interest;
- Road to Responsible Government
- Transportation;
- Delivery of Government Services.

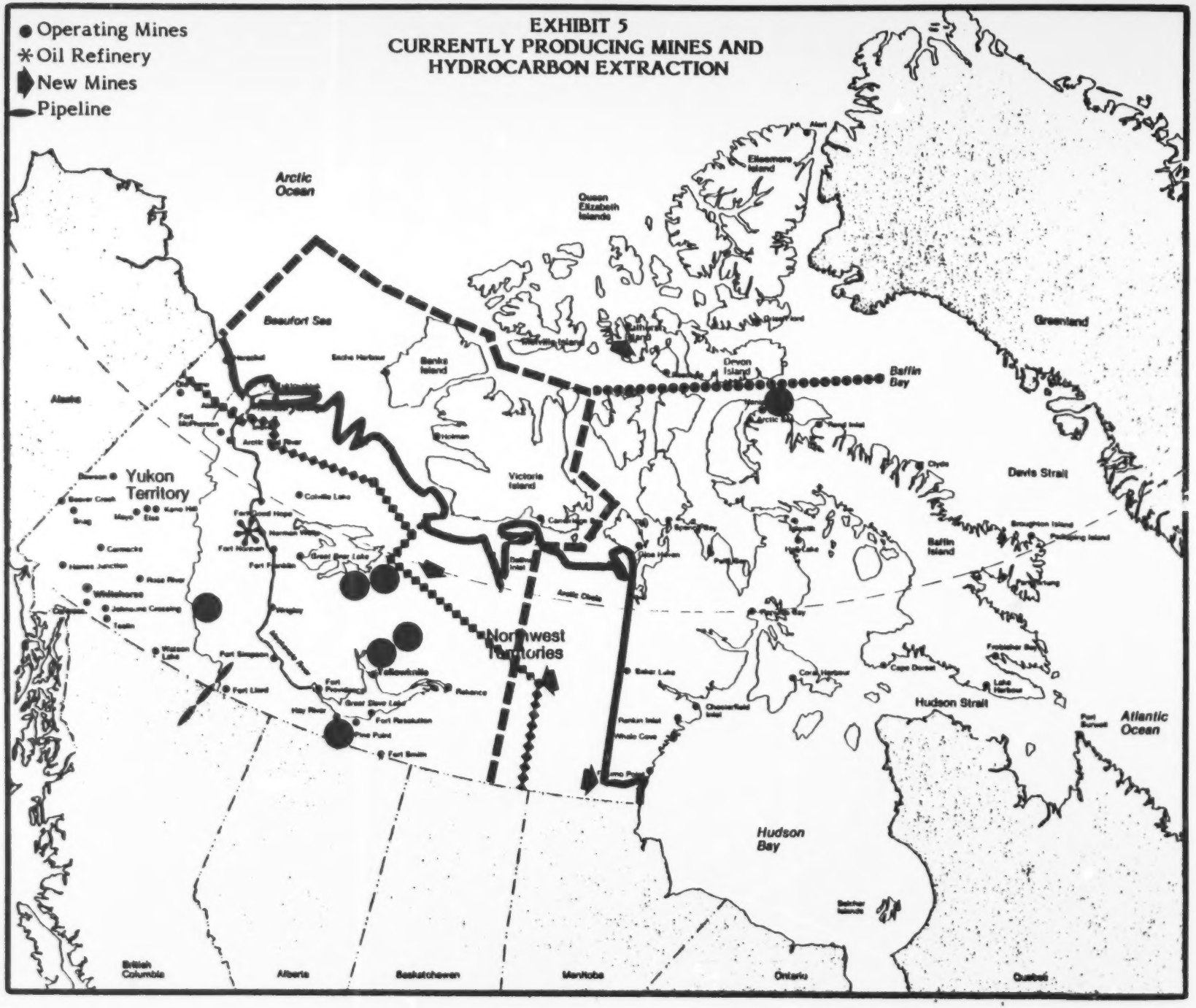
ECONOMIC DEVELOPMENT

The two major facets of economic development, i.e. the ownership of economic activity and the rate of development are issues which are not significantly affected by a division of the territories. Other factors, such as land claims and Federal/Territorial negotiations, will determine who owns the results of economic activity and the rate at which development will occur.

Given these exceptions the following impacts upon economic development due to a division of the territories can be expected.

1. Climate for Economic Development after Division

The most important impact of division is the climate for economic development which results in each of the two new territories. We define climate as the degree to which the new territorial governments support or restrain economic development in their respective areas. If the new governments are highly in favour of resource development and provide industry with reasonable and certain guidelines, then economic activity will be fostered. Alternatively, the new governments may wish to restrain economic development for any number of reasons. A


Operating Mines
Oil Refinery
New Mines
Pipeline
EXHIBIT 5
CURRENTLY PRODUCING MINES AND
HYDROCARBON EXTRACTION
Arctic Ocean
Beaufort Sea
Alaska
Yukon Territory
Northwest Territories
Greenland
Baffin Bay
Davis Strait
Baffin Island
Hudson Strait
Hudson Bay
Atlantic Ocean
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec

different response toward economic development from the governments in the two territories could result in rapid economic development in one area and a correspondingly slower rate of activity in the other. The extent to which decisions in one area, for example, building roads or transhipment facilities, could affect another area would require negotiation between the two territories.

2. Boundary Lines are Significant

The location of resource deposits, whether they be hydrocarbons or minerals are fixed by nature. The divisional boundary will determine in which of the two territories economic development due to resource extraction can take place. Perhaps the most striking example of this is in the area of the Beaufort Sea and Mackenzie Delta. On one hand the territory where resource extraction takes place, has an opportunity to share in resource revenues or royalties, thus enabling it to achieve a higher degree of self-sufficiency. Alternatively, the costs of putting in place the infrastructure (utilities, schools, roads, etc.) to support economic development will be extremely costly, especially in the years before revenue is derived or if revenues accrue elsewhere(1).

To a large degree the location of resources (in commercial quantities) is not yet well defined. Hence, the establishment of a boundary now may result in one territory being a "have" area, whereas the other could potentially be a "have not" situation. History provides us with some interesting analogies on this point. The arbitrary boundary between Manitoba and Saskatchewan has provided Saskatchewan with rich potash deposits while Manitoba has not shared in this activity. Similar situations could well arise through a division of the N.W.T. hence, the boundary selected should consider the potential longer term interests of both territories with respect to economic development of natural resources. However, long term commercial resource potential is largely unknown.

The map (Exhibit 5) on the facing page shows currently producing mines and hydrocarbon extraction. It can be seen that all commercial resource activities with the exception of the Nanisivik mine on Baffin Island are in any western territory although two mines are in the process of opening in the Eastern Territory. The value of mineral and hydrocarbon production in the N.W.T. is shown in the following table:

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1. A division between Inuvik and Tuktoyaktuk illustrates this potential situation.

VALUE OF RESOURCE PRODUCTION ($000's)

	1975	1976	1977	1978	1979
MINING(1)					
Government Revenue	$21,529	$17,021	$20,497	$34,969	$56,374
OIL & GAS(2)					
Government Revenue	5,414	8,252	9,186	8,244	N/A

The majority of this revenue accrues to the Federal Government at present.

3. Overlap of Renewable Resource Interests

Unlike mineral or hydrocarbon deposits, renewable resources such as furs, game and fish are migratory. As a result, the policies and actions of one territory after division can well affect the other. For example, one territory may impose hunting restrictions on residents of the other or decimate the herds to the detriment of the other.

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1. Taxes and Contributions to Governments and Government Agencies 1975-1979, including Federal Corporate Income Tax, DINA Mining Royalties, Employee Income Tax, Employee Canada Pension and Unemployment Insurance, Territories Gasoline and Fuel Oil taxes, Workers' Compensation, Municipal Property & School Taxes, Business Taxes and Licenses. (Excludes Federal sales tax, non-resident interest and dividend tax, customs duties, and various leases, rentals, recording fees and other taxes paid by the participating companies).

   SOURCE: "The Northwest Territories Mining Industry 1975-1979", prepared for the Northwest Territories Chamber of Mines by Price Waterhouse Associates, September 29, 1980.

2. Gross Revenue - Oil and Gas from Cash Bonus Bids, Fees, Forfeitures, Royalties, Rentals and Sale of Maps.

   SOURCE: Oil & Gas Activities, 1978 (Edition No. 15). Report on the Activities in 1978 of the Oil and Gas Industry in the Yukon Territory and Northwest Territories. Compiled by Oil & Gas Exploratory Operations Section, Northern Non-Renewable Resources Branch, Indian and Northern Affairs Canada, Ottawa, 1979.

The overlap of renewable resource interests may cause problems between the two new territories and lead to confusing and restrictive practices. This would be accented in those regions which are near the Yukon, which brings a third party's views and interests to the situation. As one northerner expressed it (albeit with tongue in cheek)

> "You'll soon have to take your lawyer to the trap line to determine if what you're doing is right or wrong".

At the same time, a division of the territories may well result in an increased ability to refine policies in each area more suited to existing and evolving conditions. For example, hunting limits that are applicable in the Mackenzie may well be too high or too low for the Baffin. Without division it is difficult to impose differing limits on separate areas, as such is perceived as an advantage to some and a detriment to others within the same political entity.

We conclude that division will provide the ability to more finely tune the renewable resource policy to specific areas, while at the same time raising potential areas of disagreement between the two territories.

4. Yellowknife Will Lose Jobs

With any division of the territories the city of Yellowknife will surely lose jobs as a result of a decrease in the number of territorial civil servants required to service a smaller area. Other declines in economic activity may result as fewer people will travel to Yellowknife to deal with the Territorial Government, travelling instead to the new capital in the eastern territory.

Given a general growth in the territory and the time to effect a transition to two separate entities may well result, not in a decline in Yellowknife, but rather a slower growth rate for some period. The impact on Yellowknife due to a division of the territories would not be nearly as significant as a sudden termination of mining activity or a movement of the capital from Yellowknife to another location.

Our analyses(1) indicate that some 200 government positions could be reduced in Yellowknife if the territories were divided. On average this would represent about $4 - $5 million in direct wages. It must be remembered that normal government growth during the transition period will mitigate this effect.

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1. See section entitled "COST CHANGES WITH DIVISION"

5. Industry Viewpoint

The most important impact on industry from a division of the territories is the degree of uncertainty that results. If development regulations are well defined and expected to remain relatively stable, then industry can make their decisions accordingly. In general, division in itself does not concern industry. The representatives we spoke to felt there would be little or no impact upon their operations provided the regulations were clear. They would support any move that added to the certainty of the situation.

A relatively minor point was raised with respect to the need to deal with two governments instead of one, and the additional or different regulations that might be encountered. Also the potential need (with its attendant costs) to establish an office in the eastern N.W.T. capital was pointed out. Both these issues were deemed to be much less of a factor than the clarity and certainty of government regulations.

COMMUNITIES OF INTEREST

Throughout our interviews with people(1) in various communities, we sought to determine the social or cultural impact a division would have. As far as possible, we refrained from discussing or reporting upon political questions or other issues affecting division (for example, land claims, resource ownership). It should be noted that the following comments do not represent a consensus viewpoint - rather we sought to report alternative/opposing views and our conclusions.

1. Keewatin, Baffin and Fort Smith Regions Predict Little Impact with Division

People that live in the Keewatin, Baffin and Fort Smith Regions (or the obvious east and west parts of the Territories) expressed little concern or saw negligible impact of a division of the territories. In general, we perceived no community of interest between the eastern and western regions and they would appear to have little contact with one another. Further, the ethnic differences (Dene versus Inuit) between Fort Smith and the eastern regions tend to accentuate the degree of disinterest and hence absence of an impact on their community of interest.

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1. It should be noted that no public meetings were held, nor were formal submissions on the social or cultural impact of division requested. The comments are largely based on unscheduled individual interviews.

2. Central Arctic Region has Strong Ties to Yellowknife

Because of its proximity to services provided in Yellowknife, communities in the Central Arctic Region have a strong community of interest with the current capital. Suppliers (the majority), schools and hospitals for the Central Arctic Region reside in Yellowknife at present, and thus, a reorientation would be necessary for communities in this region which would no longer be part of a territory with its capital in Yellowknife. Further, the people in these communities combine vacations and social visits during their trips to Yellowknife on other matters. People from Coppermine and Cambridge Bay are more likely to meet in Yellowknife than in each other's community. Reinforcing the existing Central Arctic/Yellowknife ties are the existing scheduled airline routes.

Although there are some practical ties with Yellowknife, there appears to be little familial or cultural communities of interest between Central Arctic communities and Yellowknife or other regions. Therefore, we do not foresee a serious social disruption in the Central Arctic if, following a period of reorientation, government services were supplied from a new capital somewhere in the east. In terms of distance, there is virtually no difference in air miles (on average) between Central Arctic communities and Yellowknife and the same communities and Rankin Inlet.

3. Inuvik Region is Concerned about the Boundary Line

A major concern to the people in the Inuvik Region was the location of the boundary. We could see significant problems in dealing with a political capital or territorial government resident in the Eastern Arctic. Some people in the Inuvik region strongly favoured a highly autonomous regional government structure to reflect and preserve their interests regardless of which of the territories they ultimately become part of. Given this preference for a strong regional government, concern was expressed that no boundary be permitted to arbitrarily divide the region and that regional authority would be at least as strong as territorial.

There was a clear sense that no decision regarding a division of the territories could be made until a specific boundary proposal was agreed upon. This specification of a boundary would require agreement among various native groups (I.T.C., Dene, Metis and COPE) and take land claims into consideration.

4. Division is Not a Major Impact on Communities of Interest

With respect to social or cultural communities of interest, we conclude that a division of the territories will not have substantial impact on the existing communities of interest. Almost no one articulated a strong feeling for the Northwest Territories as a single entity, unlike one would find with the peoples of the southern provinces. Communities of interest that did exist were based on ethnic ties and/or practical reality.

THE ROAD TO RESPONSIBLE GOVERNMENT

It was suggested by many that the Northwest Territories was evolving along a road to responsible government, which might ultimately lead to provincial status for the Territory. The impact of division of this political evolution is worth noting.

1. Similar Problems Do Exist

There are many similarities among the problems faced by northern communities, for example, the abuse of alcohol, the development of communications, high transportation costs, etc. It was believed that these similar problems could best be addressed on a unified basis through a sharing of experience, expertise and political clout. Further, the view was expressed that by dealing with such problems in a consistent and unified manner, that responsible government would evolve faster than with the division of the territories.

2. A United Northern Voice would be Lost

At present, the Northwest Territories relies heavily on the Federal government for funding for virtually all its activities. To this end the Territories must compete with other federal priorities and accept decisions made in Ottawa. To some, the best way to influence the Federal government is through a strong united northern voice, which would potentially be lost should the territories divide. Further, it was suggested that two smaller territories would be more susceptible to direct control from Ottawa than currently exists. The view was expressed that Ottawa would welcome a division in order to more closely administer and control the lands in the N.W.T.

3. Tighter Political Units

The view was expressed that the current N.W.T. voice was substantially weakened by the need to compromise to achieve consensus. As a

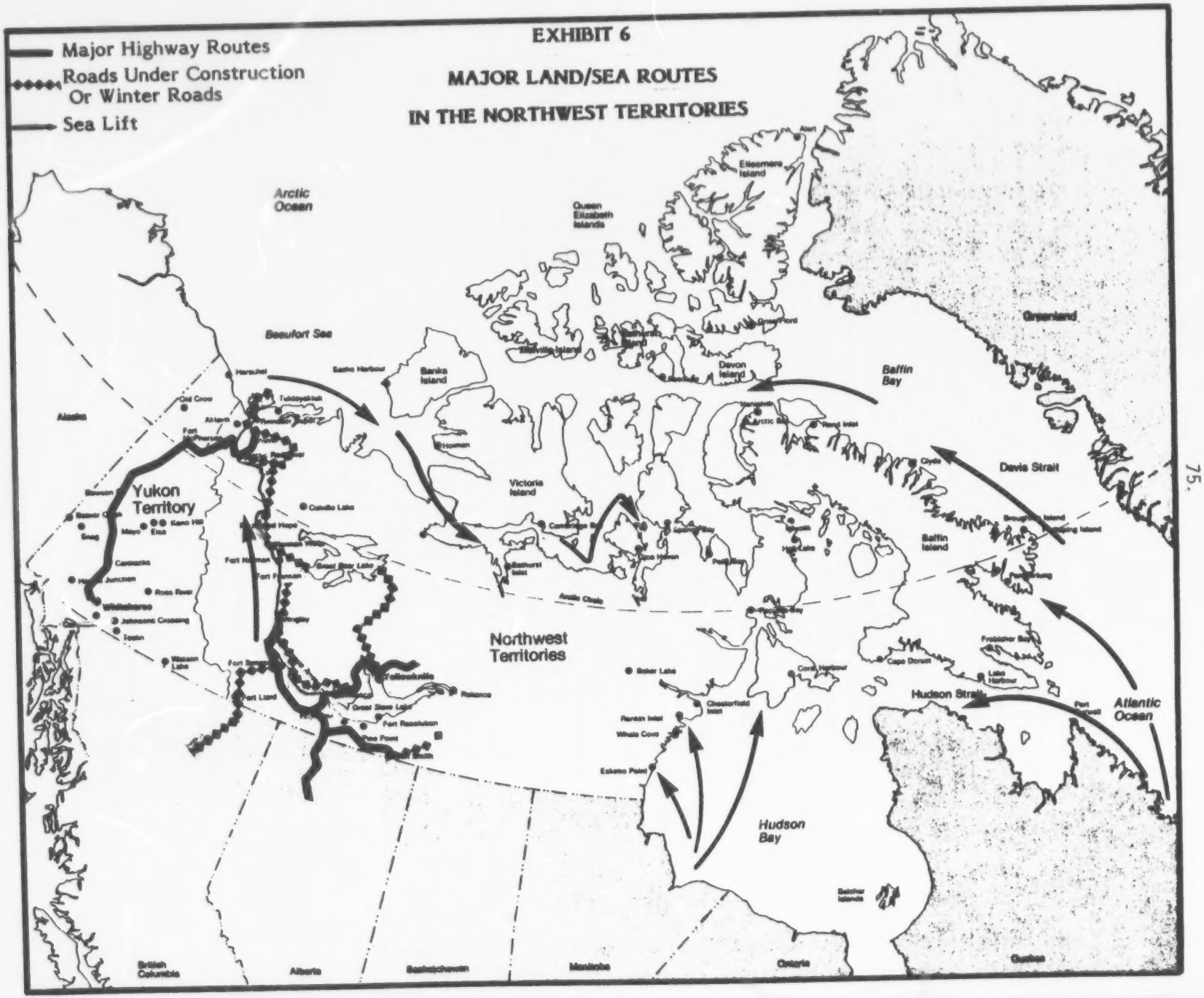
EXHIBIT 6
MAJOR LAND/SEA ROUTES
IN THE NORTHWEST TERRITORIES
Major Highway Routes
Roads Under Construction
Or Winter Roads
Sea Lift
Arctic Ocean
Beaufort Sea
Yukon Territory
Northwest Territories
Banks Island
Victoria Island
Queen Elizabeth Islands
Ellesmere Island
Greenland
Baffin Bay
Devon Island
Davis Strait
Baffin Island
Hudson Strait
Atlantic Ocean
Hudson Bay
British Columbia
Alberta
Saskatchewan
Manitoba
Ontario
Quebec

result, little progress was being made towards responsible government. It was felt that two "tighter" political units reflecting the more unanimous views of the people would be better able to articulate needs and concerns to Ottawa, than a single less homogeneous entity. For these reasons it was felt that a division of the territories was desirable to enhance the evolution to responsible government.

4. Impact of Division on Responsible Government is Uncertain

Whether or not a division of the territories would hinder or enhance the evolution to responsible government is an open question. There is no way of determining which path leads to responsible government more quickly.

TRANSPORTATION

1. Land/Water Routes are Fixed

The majority of land and water transportation routes in the N.W.T. follow a north/south direction. Exhibit 6 (facing) outlines the major land/sea routes in the territories. This fact of geography has dictated the flow of goods and services into the territories throughout its history. We cannot imagine a political division attempting to alter these traditional routes. For example, should the Central Arctic communities of Cambridge Bay and Coppermine become part of an eastern territory, we believe that they will continue to be be supplied by a barge via the Mackenzie and across the Arctic Ocean. Similarly, the advent of highways within the territories will likely continue on a north/south rather than east/west basis regardless of political division.

2. Airlinks to Connect the New Capital

Unlike land and water transportation corridors airlinks are flexible and can be easily adapted to changes in demand patterns. We would expect that the division of the territories would change demand from that currently experienced and result in an increased need for communities in the eastern arctic to have direct access to their political capital, wherever it is located. For example, to fly on scheduled flights from Cambridge Bay to either Rankin or Frobisher, it is now necessary to proceed via Yellowknife. Should Cambridge Bay be in the eastern arctic territory we would expect that a demand will develop to provide a direct link from Cambridge to wherever the eastern arctic capital is located. Such a change in demand should have little impact upon the air carriers or the facilities required to service them.

A division however, may curtail the need for a Yellowknife/Rankin/Frobisher service as it can be expected that there will be little need for travel between these communities should division occur. To support this view we note the relative small amount of travel between Yellowknife and Whitehorse that currently exists, and suggest that a political division of the territories may well have the same effect on the current east/west territorial services.

We conclude that whatever demand pattern results from a division of the territories, the airlines will be in a position to respond with little effect on load volumes or costs.

3. Government Influence on Transportation

It is conceivable however, that the two territorial governments may adopt transportation policies to serve their ends, which might have impact on the existing and likely natural evolution of the transportation system throughout the N.W.T. One government may decide to buck traditional patterns and attempt to supply communities within its area by a less than optimal means, for example, the eastern arctic government may choose to serve Central Arctic communities via sea lift from Montreal or Hudson Bay in order to coordinate and centralize its purchasing and shipping requirements. We suggest that these potential impacts which result as a direct decision on the part of government are not necessarily a natural consequence of division.

4. Transportation Patterns Should Not be Significantly Affected

We noted the relatively fixed nature of land and water routes and the flexibility of the air links. Given these facts we conclude that the transportation system can and will evolve based on demand, regardless of division.

DELIVERY OF GOVERNMENT SERVICES

This section of the report deals with the delivery of government services and how division might affect such issues. This refers to such issues as:

- the ability to deliver services such as education, utilities, health care, social services, etc;

- the capability to plan, design and implement public works projects, for example, highways, water supply, bridges, buildings, etc;

- efficiency of government operations, for example, the increased use of computers, management expertise, etc;

- expertise to analyze situations and develop good policies throughout all government areas.

Essentially these "considerations" are dependent upon the competence of the people in the territorial civil services. The ability to recruit and retain high calibre staff must be examined in the context of division.

It has been suggested that division will encourage a greater participation of native peoples in government. Alternatively, the view is held that the skill and experience requirements will dictate a predominance of outside expertise in order to adequately staff a new government in the eastern arctic. Each of these views is elaborated upon in the following sections.

1. Native Government

Proponents of this view suggest that with division the government structures and policies that will evolve will be more familiar to and in tune with native preferences. For this reason it can be expected that there will be a significantly higher portion of native staffing in the new government primarily in the eastern arctic.

In our view it is unlikely that, for a considerable time, qualified personnel can be found in the north to adequately staff the critical headquarters functions in the eastern government(1). The experience to date in the GNWT reveals few native northerners occupying senior level positions, hence, there is little, if any, pool upon which to draw experienced administrators. Further, the native lifestyle would seem to be diametrically opposed to working in a bureaucratic organization such as all governments, but especially headquarters groups, function. It is not clear to us that native northerners, given their lifestyle preferences, would easily adapt to a government setting, and be prepared to relocate from their communities and work in a new capital. The GNWT has found it difficult to attract people from the outlying communities to Yellowknife to staff headquarters functions.

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1. We expect the existing civil service to remain (largely) in place in the west, therefore it is the eastern territory which will have the need for HQ staff.

The education system in the N.W.T., although only in existence since the 60's, has not yet produced graduates with the required skills that are needed in a functioning government. Skills such as managers, data processing specialists, engineers and technicians, financial experts or economists have not been graduated to a sufficient degree by the educational system. Without such skills a government simply cannot function and deliver the services to the people.

It should be noted that a change in government style will help overcome the problems in time, however, in the initial years it may well prove difficult to find the expertise among the native northerners to assume a leading role in their government.

2. The Need for Outside Expertise

Perhaps the biggest challenge in employing outside experts in the various technical and managerial fields will be to create groups of sufficient quality and size that allows the professional to learn and grow in his field. With two smaller territories the ability and practicalities of creating two small groups, especially in such areas as engineering and data processing may well prove difficult. The quality of work may suffer and people become frustrated with their failure to grow professionally in their chosen field. These phenomena have been experienced in many locations throughout Canada, and we suggest they may well be accentuated in the north. Further, the splitting of headquarters groups will surely result in increased costs through less economies of scale and a lower degree of expertise.

It has been suggested that a new government in the east could well find the core of its staff as transferees from the existing GNWT. Based on experience to date, and the opinions of many government officials, this will not be the case. The existing government find it difficult to induce middle and senior level staff to accept transfers to the regions. Therefore, there will be a need to recruit and relocate southerners to the new capital in the eastern arctic.

3. Two Governments May be Less Capable in the Short-Medium Term

Given the current experience and skill level of native northerners, together with the problems of establishing new government, leads us to conclude that it will take more than a generation before northerners can direct(1) the activities of their government in the East.

In the Western territory we expect the majority of the civil service to remain in place, hence we expect little change. The existing problems due to turnover, inexperience etc. will remain in the West.

In the short term we can expect less than optimal efficiency caused by staff turnovers, relatively inexperienced personnel, expertise dispersed in two locations, and as a result, higher costs.

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1. We stress that this comment refers to administrative or civil service direction and not political or legislative control.

PART III

COMMUNICATIONS PRIOR TO THE PLEBISCITE

Prior to the plebiscite regarding the division of the territories it is important that the voters be exposed to information to allow them to make an informed decision. In this part of the report we suggest means for achieving this objective.

THE DECISION IS A POLITICAL CHOICE

This report had developed the theme that the impact of division of the territories tends not to be overly significant and that the decision to divide is really one of political choice. To a large extent the advantages or disadvantages of a division of the territories will be decided by the legislation and the policies which will evolve over time. For this reason the voter must not base his decision just on the basis of the obvious impacts, but rather on the likely nature of the political and the administrative leadership that is likely to result following division.

INTEREST GROUPS SHOULD PLAY A MAJOR ROLE

In our view, the proponents for and against division should play a major role in communicating their viewpoints to the public. We suggest that such interest groups (ITC, Dene Nation, Metis, Cope, Association of Municipalities etc.) be fully briefed on the results of the impact committee's work so that they can help disseminate information. Futher, it is likely that such groups will play a major role in the formation and evolution of the Government in the two territories. Therefore, they must balance pragmatic concerns and the political expediencies.

As the question of division is complex, it is likely that the average voter will be influenced by one or more of the interest groups, who undoubtedly will put forth positions on the question of division. Therefore, we stress the importance of fully informing these groups such that their positions can be based on as much fact as possible.

RADIO IS IMPORTANT

During our visits to the various communities we were impressed by the importance of radio in communicating information to the average citizen. We suggest that this media be used extensively in the form of information bulletins, discussion shows, and "call-in" programs. In our view we believe that radio is a more efficient and effective means of communicating information than either public meetings, written literature or television.

MUNICIPAL BODIES SHOULD BE FULLY INFORMED

Many reports on political developments in the north have stressed the need for strengthening the local municipal bodies. It is evident throughout the north, but perhaps especially in the Eastern Arctic, that the community councils are playing a greater role in the administration and development of their communities. For these reasons we suggest that the mayor and council of each community be fully briefed on the question of division and its complexities so that they may help interpret the issues to the people. To this end we would suggest that Special Committee On Impact members be designated to fully inform municipal bodies on the issue.

APPENDIX A

LIST OF INTERVIEWEES

LIST OF INTERVIEWEES

Mr. R.J. Abercrombie Sr. Vice President, Gas Transmission Management	Nova, An Alberta Corporation
Adamache, Helen Assistant Secretary Manager	Coppermine
Airhart, Philip J. Assistant Deputy Minister	Local Government GNWT
Amagoalik, John Vice President	Inuit Tapirisat of Canada
Antoine, Jim Chief	Fort Simpson
Awa, Simon President	Baffin Region Inuit Association
Ballantyne, Michael A. Mayor	City of Yellowknife
Bell, D. Commissioner	Government of Yukon Whitehorse
Black, Gary Regional Manager	GNWT
Mr. S.R. Blair President and Chief Executive Officer	Nova, An Alberta Corporation
Bonnetrouge, Joachim Chief - Chairman	Settlement Council Fort Providence
Bourke, Jim	METIS Association
Bowyer, G.E. Deputy Minister	Renewable Resources GNWT
Bowie, Douglas B. Vice President Environmental & Social Affairs Dept.	Petro-Canada

Britton, Jim Regional Director, Baffin	GNWT
Burrows, Arthur W.R. Assistant Regional Director Northwest Territories Region Medical Services Branch	Federal Health & Welfare
Canadien, Albert Secretary	Settlement Council Fort Providence
Charlie, Johnnie Chief	Fort McPherson
Connolley, Roger Assistant Regional Manager	GNWT
Cotterill, Ewan Executive Chairman	Government of Canada Environmental Assessment Review Federal Environmental Assessment
Crossley, R.A. Deputy Minister	Health and Social Services GNWT
Cunningham, Jim	I.T.C.
Curley, Tagak M.L.A. President	Inuit Development Corp.
Daniels, Terry D. Manager	N.W.T. Chamber of Mines
Delurt, Bob C.O.P.E.	Inuvik
Doyle, J. Exec. Assist. to Govt. Leader	Whitehorse
Emery, D.J. President & Managing Director	Giant Yellowknife Mines Limited
Engle, Bob	President, NWT Airways
Eres, Richard Assistant Regional Director	GNWT

Faulkner, Neil Assistant Deputy Minister	DIAND
Fingland, F.B. Northern Co-ordination and Social Development Branch	DIAND
Fraser, John R. Manager, Northwest Territories	Noranda Exploration Company Limited
Gilday, David Executive Assistant to the Deputy Minister	GNWT
Graham, Katherine A. Director	Institute of Local Government Queen's University
Green, P. C.O.P.E.	Inuvik
Gruben, Eddie Businessman	Tuktoyaktuk
Hansen, P.	MLA, Mayo, Yukon
Hardy, Leo Businessman	Norman Wells
Hobbs, Gillian Associate Director Social Affairs Environmental & Social Affairs Dept.	Petro-Canada
Hornal, Robert W. Director, N.W.T. Region	Indian and Northern Affairs
Horseman, G.P. Sr. Personnel Assistant Northern Group	Cominco Ltd.
Irving, Victor Deputy Minister	Justice and Public Services GNWT
Jacobson, Jimmy	Tuktoyaktuk
Kalluak, Mark Mayor	Eskimo Point

Kennedy, R.I. Northern Co-ordination and Social Development Branch	DIAND
Lambert, C.F. Manager, Administration	Cominco Ltd.
Lamonte, Rene	Band Council, Fort Simpson
Father Lapointe Priest	Coppermine
Lattin, G.	MLA Whitehorse North Centre, Yukon
Lewis, Brian W. Deputy Minister	Education GNWT
Mr. D.D. Lougheed Executive Vice President	Esso Resources Canada Limited
Lyall, Bill President Co-operative	Cambridge Bay
Macpherson, Dr. A.H. Regional Director General Western and Northern Region	Environment Canada
Mr. G.J. Maier Chairman and Chief Executive Officer	Hudsons Bay Oil & Gas Company Limited
Marshall, David W.I., Director, Pacific Region	Government of Canada Environmental Assessment Review Federal Environmental Assessment
McCann, Dave, C.G.A. Assistant Secretary	Financial Management Board GNWT
McColl, M.	MLA, Klondike Yukon
McDonald, Willie	Fort McPherson
Mongeau, Ron Executive Director	Baffin Regional Council
Montpetit, Mr. L.R. President and Chief Executive Officer	Northern Transportation Co. Ltd.

Moody, Paul Deputy Minister	Public Works GNWT
Morrison, Rod Deputy Minister	Economic Development and Tourism GNWT
Moore, Mike Secretary to the Executive Committee	GNWT
Musgrove, W.J.H. Director, Policy Northern Program	DIAND
Nash, Mike	RCMP
Nasogaluak, William Businessman	Tuktoyaktuk
Ohokannoak, Henry Councillor	Settlement Council Cambridge Bay
Omigoltok, David Settlement Secretary Trainee	Settlement Council Cambridge Bay
Otokiak, Joe Councillor	Settlement Council Cambridge Bay
Paulette, Mike	METIS Association
Pearson, Bryan R. Mayor	Frobisher Bay
Hon. C.W. Pearson Government Leader	Government of Yukon Yukon Legislative Assembly
Pederson, R. General Manager	Coppermine Development Corpn.
Penner, Keith, M.P. Chairman	Standing Committee on Indian Affairs - Ottawa
Phillips, S. Businessman	Fort Providence
Prather, Larry	Dome Petroleum, Tuktoyaktuk

Quirke, John Deputy Minister	GNWT
Raddi, Sam President - C.O.P.E.	Inuvik
Rao, Nunda Analyst	GNWT
Seguin, J. Jacques Director General Government, Industry and International Relations	Transport Canada
Sigler, Murray Senior Vice President Corporate Affairs and Assistant Secretary	Pacific Western Airlines Ltd. Calgary
Simon, Sarah	Fort McPherson
Spence, R.W. Exploration Superintendent	Giant Yellowknife Mines Limited
Steen, Vince Mayor	Tuktoyaktuk
Steen, John Businessman	Tuktoyaktuk
Stefensson, Frank Deputy Chairman	Settlement Council Cambridge Bay
Stephenson, Leonard P. Senior Concentration Eng. Northern Group	Cominco Ltd.
Stevenson, Hugh C. City Administrator	City of Yellowknife
Stillwell, Michael Regional Director	GNWT
Suluk, Thomas Director	Nunavut Affairs Planning Office
Taptuna, Fred Mayor	Coppermine

Theriault, J.M.A. District Manager Baffin District	DIAND
Todd, John President	Siniktarvik Ltd. - Rankin Inlet
Tolaganak, Helen Secretary	Settlement Council Cambridge Bau
Townsend, Ethel School Teacher	Fort Providence
Hon. Howard Tracey Minister of Justice	Government of Yukon Yukon Legislative Assembly
Villeneuve, Jim Businessman	Fort Simpson
Walton, Margaret A. City Clerk	City of Yellowknife
Watsyk, Orest Mayor	Fort Simpson
Witty, Jack	Economic Development GNWT
Wojciechowski, Margot J. Assistant Director	Centre for Resource Studies Queen's University
Wolf, Paul G. Director Process Development Branch	Government of Canada Environmental Assessment Review Federal Environmental Assessment Review Office

LIST OF INTERVIEWEES CONTACTED BY PHONE

Alston, M.	Canadian Imperial Bank of Commerce
Findlay, Dr. D.C.	Geological Survey, Energy, Mines & Resources
Hodgson, S.	B.C. Ferry Corporation
Proctor, Dr. R.	Geological Survey, Energy, Mines & Resources
Sigurdson, T.	Oilweek

APPENDIX B

HEADQUARTERS COSTS

HEADQUARTER'S COSTS

INCREASE IN HQ COSTS

Based on discussions with government personnel and our judgement on the position and costs involved, we estimated HQ costs after division as follows:

ESTIMATED HQ MAN YEARS AND SALARY COSTS AFTER DIVISION

DEPT	CURRENT		AFTER DIVISION					
	M/Yrs	Salaries & Wages	M/Yrs West	M/Yrs East	Total M/Yrs	S&W West	S&W East	Total S&W
Econ.Dev.	138.5	$ 3,734	121	59	181	$ 3,271	$ 1,596	$ 4,867
Education	185	5,829	186	44	230	5,856	1,403	7,259
Exec.	85.9	3,107	64	48	113	2,330	1,748	4,078
Finance	59.5	1,512	54	40	94	1,361	1,021	2,381
FM Sec.	2.3	82	2	2	4	82	62	144
G. Serv.	58.6	1,624	44	33	77	1,218	914	2,132
Health	12	310	11	8	19	279	209	488
Information	37.9	1,041	28	21	50	781	586	1,366
Justice	28.5	816	26	19	45	734	551	1,285
Leg. Ass.	3.1	79	2	2	4	59	44	104
Local	62.4	2,095	47	35	82	1,571	1,178	2,750
Personnel	109.2	2,907	95	43	138	2,537	1,145	3,683
Pub. Works	238.7	6,605	175	121	296	4,850	3,338	8,189
Ren. Res.	44.8	1,509	34	25	59	1,132	849	1,981
Soc. Services	113.3	3,461	100	52	152	3,042	1,587	4,629
TOTAL	1179.7	$34,711	989	552	1,542	$29,105	$16,230	$45,335

The increase in Other O&M costs - i.e. $5,312,000 was allocated as follows:

West -	$3,035
East -	2,277
TOTAL	$5,312

ALLOCATION OF HQ COSTS

The GNWT budget shows Grants and Contributions and Other O&M costs of $18,956 and $50,207 respectively, allocated to HQ. These are monies administered in Yellowknife, but spent throughout the Territories. These figures differ from those shown in the official GNWT Main Estimates 81/82. We asked all departments to allocate HQ expenditures, wherever possible to indicate the region where expenditures were made, not the region from which funds were administered. It was pointed out that the allocation of these funds varied widely over time and hence an allocation to regions was difficult and potentially misleading. For example, some vocational training costs are spent in Fort Smith at the training school benefitting all territorial residents, hence one could argue that the allocation of costs should be on a per capita basis. Some costs relate directly to government operations, for example, staffing benefits, a good deal of which is spent in Yellowknife (HQ), however, the recipients service the whole N.W.T.

Given the population distribution for the four boundary proposals, HQ, Grants and Contributions, and other O&M costs are allocated as follows:

	$THOUSANDS	
	GRANTS	**OTHER**
TOTAL	$18,956	$50,277
ITC - West	10,454	27,728
ITC - East	8,502	22,549
Dene - West	12,651	33,555
Dene - East	6,305	16,722
Fed. 63 - West	13,233	35,098
Fed. 63 - East	5,723	15,179
Fed. Preserve North	108	287

SUMMARY OF HQ COST ALLOCATION

$ THOUSANDS

	ITC-West	ITC-East	TOTAL
Salaries & Wages	$29,105	$16,230	$ 45,335
Grants & Contributions	10,454	8,502	18,956
Other O&M			
- Allocation	27,728	22,549	50,277
- Increase	3,035	2,277	5,312
TOTAL O & M	$70,322	$49,558	$119,880
M/Years	989	552	1,542

	Dene-West	Dene-East	TOTAL
Salaries & Wages	$29,105	$16,230	$ 45,335
Grants & Contributions	12,651	6,305	18,956
Other O&M			
- Allocation	33,555	16,722	50,277
- Increase	3,035	2,277	5,312
TOTAL O & M	$78,346	$41,534	$119,880
M/Years	989	552	1,542

SUMMARY OF HQ COST ALLOCATION

$ THOUSANDS

	Fed. '63 West	Fed. '63 East	TOTAL
Salaries & Wages	$29,105	$16,230	$ 45,335
Grants & Contributions	13,233	5,723	18,956
Other O&M			
- Allocation	35,098	15,179	50,277
- Increase	3,035	2,277	5,312
TOTAL O&M	$80,471	$39,409	$119,880
MAN YEARS	989	552	1,542

Federal Preserve

Salaries & Wages(1)	$ 735
Grants & Contributions	108
Other O&M	287
TOTAL	$ 1,130

1. Allocate 25 HQ man years to this area.

APPENDIX C

ALLOCATION OF QUANTITATIVE DATA

ALLOCATION OF QUANTITATIVE DATA

To apportion quantitative data into Eastern and Western Territories, we used the following methodology. The current N.W.T. was divided into 11 geographical areas as shown on the map on the following page. By aggregating various combinations of these geographical areas we determine the division of quantitative data between the two territories.

Wherever possible data was collected at the community level, thus it could be readily allocated to the appropriate geographical area.

In many cases data was only available at the GNWT regional level, hence it was not possible to directly allocate data to geographical areas as regions and areas overlap. To overcome this problem we allocated regional data to geographical areas in proportion to population distribution. For example, the GNWT's Baffin Region covered two geographical areas, i.e. #'s 1 and 2. The Baffin Region population distribution indicated that 3.1% of the population resided in area one and 96.9% resided in area 2. Hence other data, such as regional O&M expenditures were allocated in the same manner.

GEOGRAPHICAL DESIGNATIONS

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APPENDIX E

BOUNDARY PROPOSAL COMPARISON

The following tables provide a comparison among the four boundary proposals for the data presented in the body of the report.

POPULATION

POPULATION DISTRIBUTION

Boundary	Indian	Inuit	Other	Total
I.T.C.-West	8,049	157	17,447	25,653
I.T.C.-East	621	15,997	4,552	21,170
Dene-West	8,647	2,795	19,808	31,250
Dene-East	23	13,359	2,191	15,573
Fed-1963-West	8,660	3,975	20,051	32,686
Fed-1963-East	10	12,179	1,948	14,137
Fed. Preserve	0	261	8	269
TOTAL TERRITORIES	8,670	16,154	21,999	46,823

SOURCE: GNWT Population Estimates, June 1981

POPULATION (Cont'd)

POPULATION DISTRIBUTION BY ETHNICITY

Boundary	Indian	Inuit	Other	Total
I.T.C.-West	31.38	.61	68.01	100
I.T.C.-East	2.93	75.56	21.5	100
Dene-West	27.67	8.94	63.39	100
Dene-East	.15	85.78	14.07	100
Fed-1963-West	26.49	12.16	61.34	100
Fed-1963-East	.07	86.15	13.78	100
Fed. Preserve	0	.56	.02	.57
TOTAL TERRITORIES	18.52	34.5	46.98	100

% TOTAL ETHNIC POPULATION PER PROPOSAL

Boundary	Indian	Inuit	Other	Total
I.T.C.-West	92.84	.97	79.31	54.79
I.T.C.-East	7.16	99.03	20.69	45.21
Dene-West	99.73	17.3	90.04	66.74
Dene-East	.27	82.7	9.96	33.26
Fed-1963-West	99.88	24.61	91.15	69.81
Fed-1963-East	.12	75.39	8.85	30.19
Fed. Preserve	0	1.62	.04	.57
TOTAL TERRITORIES	18.52	34.5	46.98	100

TOTAL INCOME

TOTAL REPORTED INCOME

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$186,768	$169,443	$151,041	$139,350	$161,651
I.T.C.-East	93,918	84,370	73,663	62,499	78,612
Dene-West	215,503	194,770	173,600	159,488	185,840
Dene-East	65,183	59,043	51,104	42,361	54,423
Fed-1963-West	221,259	199,965	178,284	163,593	190,775
Fed-1963-East	59,427	53,848	46,420	38,256	49,488
Fed. Preserve	1,263	1,126	973	807	1,042
TOTAL TERRITORIES	$280,686	$253,813	$224,704	$201,849	$240,263

PER CAPITA

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$ 7,401	$ 6,666	$ 5,945	$ 5,969	$ 6,505
I.T.C.-East	4,510	4,022	3,513	3,244	3,833
Dene-West	7,010	6,290	5,609	5,608	6,139
Dene-East	4,255	3,827	3,313	2,989	3,607
Fed-1963-West	6,881	6,174	5,507	5,500	6,025
Fed-1963-East	4,273	3,844	3,315	2,974	3,613
Fed. Preserve	4,773	4,225	3,652	3,297	3,999
TOTAL TERRITORIES	$ 6,094	$ 5,471	$ 4,845	$ 4,737	$ 5,297

SOURCE: GNWT Statistics from Federal Government Tax Returns

TAX PAID

TOTAL TAX PAID

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$ 32,549	$ 28,220	$ 28,507	$ 22,929	$ 28,051
I.T.C.-East	14,880	12,698	11,769	9,618	12,242
Dene-West	37,146	32,088	32,167	26,150	31,898
Dene-East	10,283	8,830	8,109	6,397	8,405
Fed-1963-West	38,075	32,882	33,064	26,807	32,707
Fed-1963-East	9,354	8,036	7,212	5,740	7,586
Fed. Preserve	207	177	155	125	166
TOTAL TERRITORIES	$ 47,429	$ 40,918	$ 40,276	$ 32,547	$ 40,293

PER CAPITA

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$ 1,290	$ 1,110	$ 1,122	$ 982	$ 1,129
I.T.C.-East	714	605	561	499	597
Dene-West	1,208	1,036	1,039	920	1,053
Dene-East	671	572	526	451	557
Fed-1963-West	1,184	1,015	1,021	901	1,033
Fed-1963-East	673	574	515	446	554
Fed. Preserve	782	664	582	511	637
TOTAL TERRITORIES	$ 1,030	$ 882	$ 868	$ 764	$ 888

SOURCE: GNWT Statistics from Federal Income Tax returns

OPERATIONS & MAINTENANCE

REGIONAL O&M DATA

Boundary	S&W	G&C	OTHER	TOTAL O&M	M/YRS.
I.T.C.-West	$21,335	$ 6,827	$26,031	$ 54,243	717
I.T.C.-East	36,838	17,406	54,652	108,896	1,233
Dene-West	30,069	9,755	38,839	78,662	1,011
Dene-East	28,104	14,478	41,894	84,477	939
Fed-1963-West	32,324	10,237	42,429	84,989	1,087
Fed-1963-East	25,849	13,996	38,304	78,150	863
Fed. Preserve	504	269	757	1,530	17
TOTAL TERRITORIES	$58,173	$24,233	$80,733	$163,139	1,950

EXPECTED O&M DATA

Boundary	REG O&M	HQ O&M	TOTAL O&M	REG M/YRS	HQ M/YRS	TOTAL M/YRS
I.T.C.-West	$ 54,243	$ 70,322	$124,565	717	989	1,706
I.T.C.-East	108,896	49,558	158,454	1,233	553	1,786
Dene-West	78,662	78,346	157,008	1,011	989	2,000
Dene-East	84,477	41,534	126,011	939	553	1,492
Fed-1963-West	84,989	80,471	165,460	1,087	989	2,076
Fed-1963-East	78,150	39,409	117,559	863	553	1,416
Fed. Preserve	1,530	1,130	2,660	17	25	42
TOTAL TERRITORIES	$163,139	$119,880	$283,019	1,950	1,542	3,492

PER CAPITA O&M DATA

Boundary	REG O&M	HQ O&M	TOTAL O&M	REG M/YRS	HQ M/YRS	TOTAL M/YRS
I.T.C.-West	$ 2,114	$ 2,741	$ 4,856	28	39	67
I.T.C.-East	5,144	2,341	7,485	58	26	84
Dene-West	2,517	2,507	5,024	32	32	64
Dene-East	5,425	2,667	8,092	60	36	96
Fed-1963-West	2,600	2,462	5,062	33	30	64
Fed-1963-East	5,528	2,788	8,316	61	39	100
Fed. Preserve	5,688	4,201	9,888	63	93	156
TOTAL TERRITORIES	3,484	2,560	6,044	42	33	75

1. **SOURCE:** GNWT 81/82 Main Estimates - as adjusted by departments.
2. HQ data as estimated in report.

CAPITAL BUDGET

% DISTRIBUTION OF CAPITAL BUDGET BY BOUNDARY

Boundary	Prior	81-84	Future	Total
I.T.C.-West	65.14	52.85	92.86	57.64
I.T.C.-East	34.86	47.15	7.14	42.36
Dene-West	73.19	62.94	92.86	66.77
Dene-East	26.81	37.06	7.14	33.23
Fed-1963-West	74.19	64.8	92.86	68.34
Fed-1963-East	25.81	35.2	7.14	31.66
Fed. Preserve	0	.1	.11	.07
TOTAL TERRITORIES	23.15	71.99	4.86	100

DISTRIBUTION OF CAPITAL BUDGET BY TIME PERIOD

Boundary	Prior	81-84	Future	Total
I.T.C.-West	26.16	66.01	7.83	100
I.T.C.-East	19.05	80.13	.82	100
Dene-West	25.38	67.86	6.76	100
Dene-East	18.68	80.28	1.05	100
Fed-1963-West	25.13	68.26	6.6	100
Fed-1963-East	18.87	80.03	1.1	100
Fed. Preserve	0	.07	.01	.07
TOTAL TERRITORIES	23.15	71.99	4.86	100

CAPITAL BUDGET (Cont'd)

DISTRIBUTION OF CAPITAL BUDGET

Boundary	Prior	81-84	Future	Total
I.T.C.-West	$26,055	$ 65,730	$7,798	$ 99,583
I.T.C.-East	13,943	58,645	600	73,188
Dene-West	29,276	78,284	7,798	115,358
Dene-East	10,722	46,091	600	57,413
Fed-1963-West	29,674	80,594	7,798	118,066
Fed-1963-East	10,324	43,781	600	54,705
Fed. Preserve	0	119	9	128
TOTAL TERRITORIES	$39,998	$124,375	$8,398	$172,771

PER CAPITA DISTRIBUTION OF CAPITAL BUDGET

Boundary	Prior	81-84	Future	Total
I.T.C.-West	$ 1,016	$ 2,562	$ 304	$ 3,882
I.T.C.-East	659	2,770	28	3,457
Dene-West	937	2,505	250	3,691
Dene-East	688	2,960	39	3,687
Fed-1963-West	908	2,466	239	3,612
Fed-1963-East	730	3,097	42	3,870
Fed. Preserve	0	442	33	476
TOTAL TERRITORIES	$ 854	$ 2,656	$ 179	$ 3,690

SOURCE: GNWT Capita Budget

TOTAL RETURNS SUBMITTED

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$ 13,709	$ 13,574	$ 11,939	$ 11,187	$ 12,602
I.T.C.-East	9,052	8,666	6,909	6,494	7,781
Dene-West	16,374	16,122	14,014	13,170	14,920
Dene-East	6,387	6,118	4,334	4,511	5,463
Fed-1963-West	16,968	16,705	14,494	13,622	15,447
Fed-1963-East	5,793	5,535	4,354	4,059	4,936
Fed. Preserve	114	106	86	80	97
TOTAL TERRITORIES	$ 22,761	$ 22,240	$ 18,848	$ 17,681	$ 20,363

PER CAPITA

Boundary	1979	1978	1977	1976	Average
I.T.C.-West	$ 543	$ 534	$ 470	$ 479	$ 507
I.T.C.-East	435	413	330	337	379
Dene-West	533	521	453	463	493
Dene-East	417	397	313	318	362
Fed-1963-West	528	516	448	458	488
Fed-1963-East	417	395	311	316	360
Fed. Preserve	431	398	323	327	372
TOTAL TERRITORIES	$ 494	$ 479	$ 406	$ 415	$ 449

SOURCE: GNWT statistics compiled from Federal Government Income Tax returns.

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1. Per Capita returns are on a per 1,000 people basis.

VARIOUS INFORMATION

Boundary	UIC	LIQ-79	LiQ-76	TRPRS	$ FUR
I.T.C.-West	$ 48,687	$ 9,449	$ 8,873	1,764	$ 2,622
I.T.C.-East	59,904	3,315	3,279	2,550	2,712
Dene-West	59,145	11,819	11,204	2,291	3,258
Dene-East	49,446	945	948	2,023	2,076
Fed-1963-West	61,451	12,007	11,382	2,479	3,577
Fed-1963-East	47,140	757	770	1,835	1,757
Fed. Preserve	3,185	2	2	48	35
TOTAL TERRITORIES	$108,591	$ 12,764	$ 12,152	4,314	$ 5,334

PER CAPITA

Boundary	LIQ-79	LIQ78	TRPRS	$ FUR
I.T.C.-West	$ 368	$ 346	69	$ 102
I.T.C.-East	157	155	120	128
Dene-West	378	359	73	104
Dene-East	61	61	130	133
Fed-1963-West	367	348	76	109
Fed-1963-East	54	54	130	124
Fed. Preserve	7	7	178	130
TOTAL TERRITORIES	$ 273	$ 260	92	$ 114

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1. UIC Data from Federal Government - 12 months ending June 1981
2. Liquor Sales 1979 in thousands as reported by N.W.T. Liquor Corporation on a per store basis
3. Liquor Sales 1978 in thousands
4. TRPRS - Number of trappers reporting to trapper incentive program for year 1979-80
5. $Fur - Value of furs reported to trapper incentive program for year 1979-80

AIRMILES TO CAPITAL

	Frobisher Bay	Rankin Inlet
I.T.C.-West	18,389	15,506
I.T.C.-East	3,471	3,471
TOTAL	21,860	18,976
Dene-West	8,956	8,136
Dene-East	6,935	6,935
TOTAL	15,891	15,071
Fed.63-West	7,252	7,128
Fed.63-East	7,412	7,412
TOTAL	14,664	14,540
No Division	23,009	

Data is computed by multiplying number of people in each community by airmiles distance to capital. Figures are expressed in thousands of "people miles".

SOURCE: GNWT Population Statistics

Airmiles computed from latitude and longitude coordinates